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THE UNIVERSITY OF ALBERTA

CANADIAN ADVERSARIALISM AND WEST GERMAN CO-DETERMINATION : A CRITICAL EXAMINATION OF TWO WORKER PARTICIPATION SYSTEMS IN INDUSTRY

©

by

John G. Fricke

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF DOCTOR OF PHILOSOPHY

DEPARTMENT OF SOCIOLOGY

EDMONTON, ALBERTA
FALL, 1987

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> The most natural privilege of man, next to the right of acting for himself, is that of combining his exertions with those of his fellow creatures and of acting in common with them. The right of association therefore appears...almost as inalienable in its nature as the right of personal liberty. No legislator can attack it without impairing the foundations of society... In our own day freedom of association has become a necessary guarantee against the tyranny of the majority...
>
> Alex de Tocqueville

THE UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled CANADIAN ADVERSARIALISM AND WEST GERMAN CO-DETERMINATION: A CRITICAL EXAMINATION OF TWO WORKER PARTICIPATION SYSTEMS IN INDUSTRY

submitted by JOHN G. FRICKE
in partial fulfilment of the requirements for the degree
of DOCTOR OF PHILOSOPHY

(Supervisor)

Edward G. Fisher

Date: May 8, 1987

FOR MY PARENTS

RICHARD AND HILDEGARD FRICKE

AND

NATASCHA

FOR THEIR LOVE AND SUPPORT

ABSTRACT

This study examines the similarities and differences between Canada and the Federal Republic of Germany in the ways in which historical events and environmental factors have affected the relative bargaining power between workers and management in the firm. An enterprise power relations model of worker participation is developed for the description and analysis of worker decision-making power under different management decision formats.

At the macro level, a global recession, new technologies, rising worker expectations, and increased educational accomplishments of the workforce compete with the necessity for business firms to raise productivity levels and worker commitment to remain competitive on world markets. During favourable business cycles or periods of economic restraint, business organizations in Canada and West Germany tend to form a 'neo-corporatist alliance' with government. Labour is 'co-opted' into this alliance when its services are either urgently needed or when its aspirations must be restrained during recessions.

At the micro level of analysis, these business-government alliances restrict labour's freedom of association and are not germane to genuine worker participation. In both countries they have shifted the balance of relative bargaining power in favour of employers. The major features of worker participation affected by these neo-corporate industrial relations systems are the enterprise decision structure, management and union policies, and the ways in which conflicts of interest are dealt with.

Business firms in both countries show a number of similarities in the way participation operates. However, they differ significantly in the ways in which historical developments, culture and the law have shaped power relations in the firm. These relations are greatly influenced by the bureaucratic autonomy of the state in West Germany; whereas, in Canada they are generally legitimized by the civil society. In West Germany, conflicts of interest have been legislated out of the industrial relations system which accounts for the observed 'labour peace' in that country. In Canada, the adversarial notion retains sufficient conflicts of interest in the system for workers and management to meet (at least theoretically) on relatively equal terms.

The theoretical framework developed in this study has direct implications for future research in areas such as industrial relations, labour economics, the sociology of work, and organization analysis. It permits innovative theorizing in these areas and can assist unions and business firms in re-examining the decision process in organizations.

ACKNOWLEDGEMENTS

The idea for this study originated in a smoke-filled bar of the Hilton Harbour Castle Hotel in Toronto during the "QWL and the 80s" international conference in the late summer of 1981. Here, the author had the opportunity to discuss with scholars and business representatives from a number of countries the various features of their industrial relations systems and the kinds of mechanisms used to make them work. Invariably, the conversation drifted to the economic achievements of West Germany and Japan, and there was hardly a day during the conference when the subject did not surface again at luncheon breaks or during more leisurely discussions.

The author has since had the opportunity to visit West Germany for three years in a row. His mind made up about doing a study on the West German industrial relations system, he visited a number of employer and labour organizations as well as individual enterprises and other institutions in that country with a view to developing some background material. However, serious work on the project did not materialize until 1984 when sufficient enthusiasm had been generated.

I would like to express my appreciation to the large number of people who have taken a keen interest in this work. My special thanks for reading earlier chapter drafts of the thesis and for providing much intellectual stimulation and encouragement during its completion go to the members of my thesis committee. Dr. Graham Lowe has provided overall expert guidance throughout the duration of the study, and his many constructive comments on

the first draft of the thesis have been greatly appreciated. The same tribute must be paid to Dr. Gordon Laxer, Dr. (Jed) Fisher of the Faculty of Business, and Dr. Harvey Krahn for providing literature references and many useful suggestions for improvements during the long and arduous task of completing the thesis. As well, I would like to thank Dr. Paul Saram for providing literature references and encouragement, although he was not a member of the thesis committee.

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PART I: INTRODUCTION, REVIEW OF RELEVANT LITERATURE AND THEORETICAL FRAMEWORK

CHAPTER 1

INTRODUCTION

The Research Problem

This study is concerned with power and conflict in the systems of collective bargaining and worker participation that are presently operating in Canada and the Federal Republic of Germany. In comparative fashion, it attempts to throw some light on the overall degree of participation in management which the decision structures, labour and management policies and present mechanisms for conflict resolution in these systems permit. However, it makes no attempt to test any hypotheses. The study is an inductive socio-historical analysis guided by a number of theoretical questions.

Donald Nightingale (1982:3) observed that there is a growing conviction among Canadian working people that something is wrong at the workplace. Despite substantial and continuing improvements in wages, benefits, and working conditions, there is a widespread perception among Canadian working people that the traditional hierarchical work organization does not operate to their advantage.

It seems that there is a search - not only in Canada, but across the industrialized world - for new and effective means of fulfilling ever-rising employee expectations while enhancing the productive capability of the work organization. More than at any time in the past, employees and their organizations are seeking new forms and patterns of work. Among these new forms of work organization is an alternative which evokes both strong support and strong condemnation. This alternative has been hailed by some as a strategy for revitalizing the modern industrial organization, and denounced by others as a dangerous and disruptive intrusion into the rights and prerogatives of managers and shareholders. This alternative is 'workplace democracy.'

During the past fifteen years, the interest in institutions for workers' participation in enterprise decision-making (apart from collective bargaining) has been particularly pronounced in Europe and in some developing countries. In Western Europe, for example, the Commission of the European Communities has organized research and made proposals; special committees have been set up to consider numerous aspects of participation in Finland, France, the Federal Republic of Germany, the Netherlands, Norway, Sweden and the United Kingdom; in Denmark and Norway, the national agreements on co-operation in the enterprise have been revised (ILO, 1981:4-5).

The legislation on works committees or councils has been amended or supplemented in Austria, Belgium, France, the Federal Republic of Germany, Luxembourg, the Netherlands and Spain. Workforce representation on the supervisory boards of companies has been developed by way of legislation in Austria and the Federal Republic of Germany, and such representation has been introduced, via legislation, on boards of directors in the private sector in Denmark, Luxembourg, Norway and Sweden. In Australia, the Federal Government established, in June 1978, a tri-partite committee of experts to advise on participation, as it wished employers and workers to negotiate their own arrangements (ILO, 1981:4-5; NEPSC, 1979).

In Canada, rising worker expectations, the slowdown in the economy due to foreign competition, the recession of the early 1980's, economic stagnation, rising unemployment, and a massive growth of service industries in recent decades, provides the setting in which collective bargaining is presently taking place. The current approach to collective bargaining is based on the assumption that labour and management have inherently adversarial interests. Unions attempt to obtain the highest possible wages for their members while management attempts to secure the best possible rate of return for the shareholders (in private industry), or to achieve public policy objectives. Hence, one party's gain is regarded as the other's loss. From the perspective of Canadian labour, "...a tough adversarial stance is a well-tried tactic" so Waldie (1986:48) asserts, and consequently there is "...on the labour side a natural inclination to move back into that stance, which in the past has worked, when consultation becomes difficult or dangerous."

Antonides (1980:1) has pointed out that this state of affairs explains the search for alternatives to the present approach. We believe that the origins of the present approach to Canadian industrial relations can be located in a gradual shift of the balance of power between workers and the business establishment since World War II. The post-World War II era was marked by corporate and government concerns for obtaining worker consent and respect for labour's role in an era of reconstruction. Labour-management relations since the mid-1970's up to the present appear to be distinguished by increasing forms of government intervention as well as worker co-optation into management thinking (Levitan and Johnson, 1983:9; Panitch and Swartz, 1984:133).

In Canada, this kind of development became readily apparent in the rising incidence of ad-hoc, back-to-work legislation at both the federal and provincial levels since the mid-1970's (Price, 1980). It also became apparent in the approach of Canadian governments to union certification, which directed the efforts of union leaders away from mobilizing and organizing toward the quasi-judicial arena of labour relations boards. Different skills were required such as being fully familiar with the law (legal rights, procedures, precedents, etc.). These activities tended to foster a legalistic practice of labour relations and a consciousness in which union rights appeared as privileges bestowed by the government rather than democratic freedoms won and to be defended by collective effort (Klare, 1978:265-339; Warskett, 1981). The ban on strikes during collective agreements and the institution of compulsory arbitration to resolve disputes while agreements were in force had a similar effect. These practices compelled union leaders to suppress any sign of spontaneous militancy.

Legislated restraints were imposed in 1982-83 in seven of the eleven Canadian jurisdictions for a period of one to three years. Questions have been raised about the equity and fairness of these programs, and whether there was an economic justification for such unprecedented measures. For example, the limitation on wage increases in the public sector (a 6% increase during the first year and a 5% increase during the second year of a collective agrement) imposed by the federal government went much beyond wage restraint, and suspended collective bargaining and the right to strike (Kumar, 1984: 11). The combination of these factors intensified the pressure on union leaders to act as agents of social control over their members rather than as their organizers (Panitch and Swartz, 1984:145).

It is our contention that these developments signify the rise of a 'neo-corporatist' perspective of labour-management relations. This perspective, as authors such as Crouch (1982:206-208), Streeck (1981:166-167), Tegtmeier (1973:150) and Helfert (1982:407) claim, has been prevalent in some European countries since the early 1970's; however, much less so in North America. Schmitter (1974:85-131) has noted that neo-corporatism originated in the teachings of Roman Catholic social philosophers in the 19th century. These scholars were attempting to find a compromise between the conflict and individualism inherent in capitalism, on the one hand, and the revolutionary challenge of socialism, on the other. The model these thinkers developed envisioned a society in which - in contrast to capitalism - the functional interests of the society were essentially organized, but - in contrast with socialism - these organizations did not engage in severe class struggles, but co-operated in managing the economy. The scope for co-operation would be provided by a social consensus based on the unity of the Catholic faith. This faith provided a slender basis on which to reconcile the conflicts of capital and labour.

In the twentieth century, corporatism re-appeared in the social policies of fascism, which were practised, for example, in Franco's Spain, Mussolini's Italy and Nazi Germany. However, the 'representative' organs of fascist corporatism were little more than facades for control by the one-party state. It seems that, during the past decade, the notion of corporatism has come to describe a pattern of relations in societies remote from both Catholic social thought and fascism: the social democracies of northern Europe (Berger, 1981; Schmitter and Lehmbruch, 1979). Here, co-operation among business, labour and government is ensured not by a religious faith (as in the Catholic doctrine) or by coercion (as in fascism), but by a detailed web of compromises. As Marchak (1981:170) has noted, this form of corporatism is expressed as a "partnership between business, labour and government", and in the economic arena "as a necessary limitation on greed, as a corrective to inflation, or as the means of achieving an 'efficient' state of affairs" *by compliance*.[1] The major distinction between this 'social democratic' corporatism[2] and both the classical and fascist forms is often acknowledged by the word 'neo-corporatism' (Crouch, 1982:207).

---

[1] Italics added are ours.

Tarantelli (1986:6-8) notes three characteristics of modern neo-corporatism which are of special interest to us: (1) there is a fair degree of integration and cooperation of trade unions and employers' organizations with the political and economic policies of the government, either via consensus or co-optation; (2) collective bargaining of employers and unions is assisted or directed in some way by government or other institutions, and (3) there is a fair degree of labour dispute regulation via government intervention and/or statutory guidelines.

Streeck (1981:156) claims that the industrial relations system in the Federal Republic of Germany corresponds in its basic features to Schmitter's (1974:85-131) structural definition of 'corporatism' as an institutional mechanism of interest mediation. The number of organized units representing separate interest constituencies is, however, limited in West Germany. As well, the type and scope of the interests represented by and within different groups - such as works councils and trade unions - are not self-determined but, to a considerable extent, regulated by legislation. In West Germany, compulsory and permanent membership, another characteristic of corporate systems as defined by Schmitter (1974:85-131), exists in the statutory representation system at the plant level and is extended latently into the informal nexus of plant relations.

---

[2] Note, however, that the varieties of corporatism found in Canada are more liberal-democratic in character when compared to the social-democratic support for corporatism found in Europe, especially in the Scandinavian countries.

In Canada, attempts at forming such corporate alliances do not generally involve labour directly. Perhaps the only corporatist mechanism for interest mediation, which resembles the tri-partite structures in West Germany in their general function, are the federal and provincial labour relations boards. With the chair and vice-chairpersons being state employees, the part-time board members are appointed equally from employer and labour organizations. These board members are active practitioners in the labour relations field, a feature vital to the boards' ability to mediate and adjudicate disputes and to formulate effective labour relations policies.

From a theoretical perspective, neo-corporatism may thus be viewed as operating on a continuum ranging from occasional, short-lived and voluntary attempts at tri-partite decision-making to permanent and compulsory systems of tri-partitism. Thus, the increasing efforts of labour, management and government in Canada and the Federal Republic of Germany since the early 1970's to improve the labour-management relationship occupy, as we will argue, different points on this continuum.

The forms of neo-corporatism experienced in Canada and West Germany have in common the emphasis on joint policy-making[3] by government, labour and business. The two countries do, however, substantially differ in terms of the membership status which organized interests hold in the corporate system as well as the permanency of their membership. Such membership is compulsory and permanent in West Germany but voluntary, ad-hoc and short-lived in Canada. This means that the autonomy of interest groups (labour and employer organizations) is curtailed by statute in West Germany where leadership in reform efforts is largely undertaken by the state. In Canada, relatively autonomous labour and employer organizations as well as individual unions and firms can initiate and implement work reforms without government restrictions at any particular point in time. Such neo-corporatist endeavours (as we have defined them) are aimed at assisting organizations to survive in the face of highly competitive market forces and global economic uncertainties. As already noted, these efforts reflect a specific balance of relative bargaining power between workers and the business establishment in the two countries, and will hence provide the theoretical underpinnings for this study.

---

[3] A key element of corporatism stressed by the scholars mentioned, and more recently highlighted by Swartz (1981:68) and Alexis (1983:78-79).

Are labour and management in Canadian enterprises foresaking their traditional adversarial role for more collaborative approaches to their common concerns? The advocates of participation in management would argue that employers have good reasons for adopting participative management techniques. By consulting workers and allowing them to contribute to decisions affecting their work, companies can relay their concerns, tap new ideas, and foster a sense of dignity in their employees. The critics of participation would argue that, at least in its present form, participative management is more of a placebo than a panacea. It gives workers the trappings of decision-making power but no compelling reason to abandon their efforts to raise wage levels and improve the quality of working life (Levitan and Johnson, 1983:8). This debate is far from complete, and ~~has~~ been complicated (if not obscured) by the recurrent interest in German-style co-determination and works councils since the mid-1970's. It is possible that such interest has been sparked by the fact that industrial democracy has frequently been regarded as being most advanced in the Federal Republic of Germany. For example, in 1976 Labour Canada sponsored a trip to West Germany by Connaghan (1976) with the mandate to examine the participation apparatus in the construction industry as a model for reduced confrontations in the Canadian construction sector. The resulting publication (Connaghan, 1976) created a national debate, one part of which focused on the works council concept (Adams, 1986:88-90).

The Connaghan Report (1976) received some favourable comments in the Canadian literature on the subject. Contributions included items headed "Workers on the Board-It's only a Matter of Time" (Bandeen, 1976:531-532); "Why Do You Resist Industrial Democracy?" (Kinder, 1977:10-16) or "In Praise of Participation" (Finn, 1977:5-8) to name only a few; the general response of labour and management was largely negative. Typical of this response are journal contributions, such as "Canada Cannot Import German-Style Co-Determination" (Dufour, 1977:9-14); "Co-Determination by Decree is not a Panacea" (Elling, 1976:533-534); "Co-Determination: Why It Won't Work in Canada" (Kakoschke, 1977:56-59); "A Skeptical View of the West German Model"

(Rowley, 1976:436-445) etc. Both labour and management agreed that collective bargaining under present Canadian statutes (modeled along the lines of the U.S. Wagner Act) was preferable to the works council concept. Moreover, statutory works councils were stigmatized as alien institutions that are inappropriate in the Canadian context (Crispo, 1978). As well, Nightingale (1982:216) comments that "It is difficult to imagine a works council in this country operating in parallel with a trade union." Yet, what Hanami (1982) refers to as "limited function" works councils, German-style, do, as Adams (1986:90) has indicated, now co-exist with unions in Canada.[4]

Just as the debate about the general usefulness of current participation schemes for workers has reached an impasse, the lively dialogue on German-style works councils and co-determination is far from closed. This state of affairs also applies to the more general issue as to what styles of participation in decision-making in Canadian business organizations are the most appropriate to meet workers' expectations in a climate of world recession and high unemployment. To date, the literature makes various references to the subject, such as comparing the principles underlying German style co-determination with those of the quality of working life movement (Nightingale, 1981:349ff); the application of existing labour laws to co-determinative work arrangements (Alexander, 1985:428ff); variations of co-determination and the role of unions (McKersie, 1985:151); and the emergence of co-determination in government employment (Gurdon, 1985:465ff). In a recent examination of the attention it has received over only the last ten years or so, the literature on participation was, in our view, aptly described as "galloping out of control" (Brett and Hammer, 1982:221-281).

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[4] For greater detail on this phenomenon see: Adams, R. "Should Works Councils be Used as Industrial Relations Policy?", *Monthly Labour Review*, 108 (17), 1985. The author discusses the applicability of the works council concept to occupational health and safety in Canada.

There has been much experimentation with participatory arrangements in Canadian enterprises, especially since the mid-1970's,[5] but both the debate and experimentation have left two key questions unanswered: *how* adversarial is Canadian adversarialism?; and, by contrast, *how* collaborative is West German co-determination?

The various themes underlying both debate and experimentation can be crystallized into a series of research questions which we propose to examine in this thesis. The major questions are these: To what extent have present neo-corporatist approaches to participation conditioned the initiation, nature and implementation of participatory arrangements in Canada and the Federal Republic of Germany? Has the workplace in both countries really become more democratized as the result of implementing certain participation schemes? If so, which participatory arrangements appear to be the most effective in providing labour with a more decisive voice in organizational decision-making, and why? What group of individuals (employers, unions, workers and their associations, interest groups etc.) have largely been responsible for the outcomes we observe in participation schemes that are presently operating in both countries? Can we, in view of the recent global recession, observe many similarities in management policies on restraint, increasing productivity levels, and on influencing labour and product market conditions? If so, are the responses of workers and unions to these neo-corporatist policies likewise similar? If management policies and union responses to them are similar in both countries, why have government intervention strategies achieved such different results in providing worker access to the organizational decision structure and conflict management?

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[5] For a detailed description and analysis of these activities see: Part II: Canadian Participation Schemes, Chapters 6-8.

We also propose to address the more specific questions left unanswered by the debate and experimentation with participation programs in Canada: Do statutory requirements in West Germany really ensure greater worker decision-making autonomy? Are the nature, range and scope of the issues that are permitted to enter managerial decision-making really less constrained in Germany when compared to Canada? If so, how? Are management policies on the conduct of participation really more restrictive in Canada than in West-German firms? And, if so, in what respect? Is the potential for labour-management conflict in Canadian firms really more pronounced than in German industry? If it is not, what factors account for the historically more 'volatile' industrial relations climate in Canada? Is it generally true that German workers have access to higher levels of the organizational decision structure than have workers in Canadian participation schemes?

These unanswered questions have provided the major impetus for the present study, and will serve as the overall focus for our major research question:

What are some of the key factors underlying the present operation of worker participation schemes in Canada and the Federal Republic of Germany? More especially, what are the similarities and differences between the two countries in the ways in which historical events and environmental factors have affected power relations in the firm?

All of these questions relate to the exercise of organizational power and the management of conflict, the conditions under which workers can exercise real influence on decision-making (or decision-making power) in Canadian and West German organizations, and those circumstances which seem to constrain their efforts in this direction. In order to address all of these questions, we will develop an enterprise power relations model of participation which will assist us in examining how decision-making power is distributed in organizations that have introduced and operated such innovations.

An argument for such explorative research can be made on the following grounds: (1) Through comparative historical analysis, we will arrive at some empirical generalizations which will state the case of Canadian adversarialism in the sociology of workplace relations more clearly; (2) research of this kind will establish a much needed conceptual linkage among the core elements of participation, that is the exercise of power-sharing and the management of conflict that may result from labour-management decision making processes; (3) the development of a model of participation which can assist in delineating some forms and levels of decision-making that are appropriate and effective under given circumstances will make a theoretical contribution; and (4) a study of this kind is most timely, as there are very few cross-national comparisons in the literature which attempt to link the concepts mentioned in a way as to make them more accessible for future empirical examination.

As this study will show, some claims made by proponents of the West German works council and co-determination mechanisms as to their effectiveness in providing more autonomous decision-making for workers and increasing worker commitment to the aims of the business organization and productivity, would appear to be exaggarated as well as ill-advised. On the other hand, the critics may be surprised to learn that it is possible to 'transplant' some aspects of the German system to Canadian industrial relations. We believe that, in some instances, such effort may result in an improved labour-management relationship.

Theoretical Issues

Any power relations model of participation must face some unresolved theoretical issues. These involve ambiguities surrounding 'participation' itself, as well as disagreement among scholars about meaningful definitions of the concepts of 'conflict'; 'power'; and the process of 'decision-making'. Participation in decision-making and similar terms, such as industrial democracy, worker self-management, power equalization, autonomous work groups, and democratic leadership have created a large and rapidly expanding literature. As Dachler and Wilpert (1978:1) have indicated, these writings embrace vigorous debates on social policy implications of participation as well as increasing social science research on this phenomenon.

Hameed (1975:11) has pointed out that theoretical approaches to participation have dealt with this phenomenon within the context of theories of trade unionism, collective bargaining and industrial relations. At the most fundamental level of analysis, the Webbs (1897), Commons (1910), Perlman (1928), Tannenbaum (1951), and Kassalow (1969) appear to be the major theorists who explain worker participation in unions in terms of economic, psychological and social considerations. At the intermediate level are theories of collective bargaining (Chamberlain, 1951), Joseph Shister (1958), Walton and McKersie (1965), and Hameed (1970), attempting to explain wage determination and decisions on industrial jurisprudence through a matrix of economic, social and institutional factors. At the highest level of conceptualization, there are theories of industrial relations by Dunlop (1958), Kerr et al. (1960), Barbash (1964, 1980), Somers (1969), Craig (1967, 1983) and Poole (1986) which have analyzed labour, management and government interaction within an environmental context.

A unifying theme which integrates these theoretical approaches is that workers, management and the state interact to reach compromises on one central issue, i.e. the *allocation of rewards, or the distribution of scarce resources*. More especially, it is the compromise on the allocation of rewards which is basic to the formation of unions, collective bargaining processes and governmental decisions (Hameed, 1975:11).

While theoretical approaches on the nature of participation (compromises on reward allocation) have much in common, the growing literature on participation shows a great deal of divergence on just *how* such rewards (or resources) ought to be best distributed. This literature has, however, become rather difficult to disentangle because of the many often contradictory issues which are discussed by various investigators. Moreover, the questions which are asked about participation, and the answers that are sought, are shaped by a variety of models from disciplines such as psychology, sociology, economics, political science, and law. As a result, we observe an appreciable divergence of theoretical views (Poole, 1975:13-36; Dachler and Wilpert, 1978:4-9; Nightingale, 1982:56).

Thus, the presence of different *ideologies* concerning the nature, goals and scope of participation that may operate in different organizational and societal contexts to ensure an equitable distribution of rewards is still at the heart of debates on participation. In this vein, a number of scholars have acknowledged the importance of ideologies as influences shaping the outcomes of decision-making (Pateman, 1970; Strauss and Rosenstein, 1970: 197ff; Walker, 1974:3-35; and Greenberg, 1975:191-209). For example, Greenberg (1975) distinguishes among four dominant ideologies: democratic, socialist, human development, and productivity/efficiency.

At the workplace level, the central theme of the proponents of participation within the democratic tradition is the necessity for management to provide the opportunity for workers to articulate and realize their own interests. Moreover, traditional democratic theory argues that the democratic process not only uses the inherent capacity of participants, but also progressively develops it through education and active participation in the decision process. Therefore, participatory democracy at the political level is, according to some authors, not sufficient for a democratic system to survive (Pateman, 1970; Thompson, 1970; Vanek, 1975).

A central assumption in the socialist literature is the potential of people to become economically and politically liberated (Vanek, 1975) by participating actively and creatively in the production process, and ultimately controlling it. The socialist literature, moreover, argues that participation not only accomplishes the progressive increase in control of the production process by workers but also their education and development. The Paris Commune of 1871 is often taken as the basic model for socialist participation systems because of its egalitarian values and corresponding organizational structure (Vranicki, 1965:307-317). Such a culture is thought to be defined by cooperative, egalitarian production processes and by a social system that allows for the development of human personality and in which production represents more than merely a means for immediate survival (Vanek, 1971; Gorz, 1973).

Human growth and development theories argue for assigning greater importance to the intrinsic motivational properties of work itself. This is usually accomplished by allowing greater employee influence, autonomy and responsibility through organizational redesign strategies, such as job enrichment, management by objectives, autonomous work groups, quality of working life projects etc. The emphasis of these theories is primarily on how to arrange organizational settings so as to facilitate the psychological development of individuals and groups. Increases in innovative behaviour and economic efficiency are seen as a correlate of individual and group development, and participation is one means to that end (Trist, 1975; Herrick and Maccoby, 1975:63-67; Walton, 1975:96-97; Jenkins, 1981:8).

The productivity/efficiency orientation consists of isolated statements and ideas from various theoretical orientations. However, one can speak of a productivity and efficiency rationale underlying participation, in that it conforms to a paradigm which seeks an instrumental understanding of human beings and their capacities, and in which workers are considered to be capable of achieving maximum output through appropriate management control strategies. Participation is assumed to increase satisfaction and morale (Morse and Reimer, 1956:120-129); improve group cohesion and commitment toward issues on which workers are allowed to participate; provide more accurate information about such issues; and increase productivity (Dachler and Wilpert (1978:8).

We believe that the sociological significance of all of these theoretical approaches lies in the presence of a "trade-off" paradigm. This approach assumes that, provided workers are given opportunities for a degree of self-management, a certain level of job autonomy, educational development, and a measure of job security (especially in recession periods), employers can expect less employee alienation from work, absenteeism, employee turnover, labour unrest and lack of commitment to the organization's objectives. In this manner, employers can avoid the costs of reduced efficiency as well as lower quality and quantity of production.

The concepts of 'power' and 'conflict' and their close relatives like participation, influence, control and persuasion appear to have generated more controversy than any other concepts in the social sciences. Despite the ongoing debate on the relative merits of various approaches, we are still searching for some agreement among scholars on acceptable definitions. Chapter 2 will provide a reasonable conceptualization of influence, power and conflict. We intend to embody their interrelations in our enterprise power relations model of participation.

The process of decision-making itself has been a somewhat underdeveloped subject in sociology, despite important theoretical and empirical contributions on decision-making and power by Simon (1957), Weber (1947) and Likert (1961, 1967). Again, we wish to properly address this issue, in conjunction with the development of our own power-sharing model of participation in Chapters 2 and 3.

Working Definitions

As we wish to adopt a view of participation that is based on a neo-corporatist perspective of labour, management and government relations in this sociological inquiry, we propose to combine the definitions of workplace relations put forth by Cox (1971:141) and Hyman (1975:26). Their combined thrust appears to most adequately reflect the overall emphasis we intend to place on our examination of operating participation schemes in Canada and the Federal Republic of Germany.

Cox (1971) has defined "industrial relations" as follows:

> It [industrial relations] is used to mean social relations in production. Industrial relations is concerned with how work rules are made and applied, and how decisions are taken to distribute amongst the producers their shares in the rewards of production. These things are done through structures and processes which can be called industrial relations systems. The content of the decisions themselves are relevant...only in so far as they throw light upon the power relations amongst the actors in an industrial relations system and upon how the system determines the allocation of rewards.

This definition of industrial relations by Cox (1971) is rather formal, and obviously reflects Dunlop's (1958:5) claim that "the full range of rule-making governing the workplace is...central to an industrial relations system". Implicitly, it seems to reflect also the results of Flanders' (1965:10) subsequent analysis of Dunlop's (1958) definition in that he concludes that industrial relations "may...be described as a study of the institutions of job regulation".

Hyman (1975:26) argues that defining the subject exclusively in terms of rules and regulations fails to acknowledge the informal daily contest for control over organizational resources which takes place in any organization. Hence, a comprehensive model of industrial relations must include the sources as well as the consequences of such daily management-worker contests (or conflicts) over resource distribution. He further asserts that "in every workplace there exists an invisible frontier of control, reducing some of the formal powers of the employer: a frontier which is defined and redefined in a continuous process of pressure and counter-pressure, conflict and accommodation, overt and tacit struggle". This author then broadens the definitions of earlier writers by defining industrial relations as:

> the study of processes of control over work relations; and among these processes, those involving collective worker organisation and action are of particular concern (Hyman, 1975:12)

This perspective allows us to combine Cox's and Hyman's views on the subject, and define workplace relations in this thesis as *the study of formal and informal processes of control over work relations, more especially the processes whereby: (1) management and workers are organized in the making and application of work rules and able to take whatever action necessary in response to workplace and environmental conditions, and (2) power in management decision-making on the amount and daily distribution of organizational resources is shared by workers or their representatives.*

This broadened definition of workplace relations permits us to address the research questions more adequately but requires a two-level analysis of the participation phenomenon. At the macro-level, environmental conditions (social, economic, political, legal factors etc.) substantially influence the operation of participation schemes at the enterprise level. The extent to which power-sharing in decisions on resource distribution actually takes place at the enterprise level will be the subject of our analysis at the micro level. Chapter 3 will provide greater detail concerning the scope of and relations between these levels of analysis in the presentation of our enterprise power relations model of participation.

The Research Strategy

In the area of workplace relations, the need for more comparative and historically informed studies has been stressed by several authors. For example, Popper (1959:16-17), commenting on the uses of scientific research strategy, observed: "...one method seems to me worth mentioning. It is...the *historical method*. It consists, simply, in trying to find out what other people have thought and said about the problem on hand: *why* they had to face it; *how* they formulated it; *how* they tried to solve it. If we ignore what other people are thinking, or have thought in the past, then rational discussion must come to an end, though each of us may go on happily talking to himself."[6]

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[6] The italics are ours

The need for more comparative and historically informed researches has also been emphasized by Dunlop (1958:388-389). He points out that the actors of a national industrial relations system, for example, are likely to be greatly influenced by the period in history in which the system was established. The status of workers, managers, and governmental agencies is much affected by the sequence in which the larger community recasts traditional political forms; and the status of these groups and individuals changes systematically in the course of economic development. These views (with some variations in emphasis) have been re-stated by Roberts (1972), Bain and Clegg (1974), Katz (1974), Sorge (1976), and more recently by Schregle (1981:15-30).

Katz (1974), in referring to Marx's historical analysis makes clear that, "true to its theoretical assumptions, the Marxian method calls for a thorough study of historical processes and for constant examination of systemic changes", and that, unfortunately, not enough use of this method has been made in the study of organizations. Similarly, Weber (1949) stressed the point that "...all the activities and situations constituting an historically given culture affect the formation of the material wants and the mode of their satisfaction, the integration of interest groups and the types of powers which they exercise." Moreover, as Skocpol (1979:36) has asserted, comparative historical analysis is an appropriate method to which one resorts when there are too many variables and not enough cases. This applies to our present examination of participation schemes in Canada and the Federal Republic of Germany.

The materials to be examined will be contemporary accounts on presently operating worker participation schemes, as they are found in *the private sector* of both countries. These materials will consist of journal articles, books, newspapers, union and management special reports, and data from corporate and government archives. These sources are supplemented by interviews with managers, union representatives and government officials in both countries.

We have deliberately chosen private industry as our focus, as participation projects in the public sector are rather rare occurrences in both countries. In the Federal Republic of Germany, for example, the thrust of the co-determination laws is also directed largely to the private sector, as activities in the public sector (and more especially the career civil service) are regulated by special laws.[7] Moreover, where such experiments have been undertaken, these are frequently not recorded, or documented in such abridged fashion as to be unsuited for detailed analysis.

Historical accounts on the origins of participatory arrangements as well as socio-cultural developments which have influenced their emergence and scope will be a major focus in the present study. All of these data will be presented in historical sequence wherever possible to emphasize trends and unique developments in each country that serve to highlight similarities and divergent patterns of institutionalization.

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[7] See: Public Service Representation Act of 1955 as amended in 1974 (Barthel and Dikau, 1980:120)

Finally, this study makes no attempt to test any hypotheses, for, as we have made clear at the very beginning, it is an inductive socio-historical analysis guided by a number of theoretical questions.

Chapter Outline

Part I of this study provides a unifying overall framework for the analysis of the data. It also develops our argument concerning the exercise of power and conflict strategies between labour and management which we propose to examine in the various participation schemes presently operating in both countries. Chapter 2 reviews the comparative literature which, following an initial screening of the data, appeared to be immediately relevant to us. It presents the different contributions in thematic order, and categorizes them into broad orientations. This chapter closes with a selection of the most useful elements from each orientation.

Chapter 3 develops an enterprise power relations model of participation, which is outlined in a number of assumptions. This model is based on the synthesis of the literature analysed in Chapter 2 as well as the section on working definitions developed in this Introduction. The set of assumptions developed in Chapter 3 serves as theoretical guideposts throughout the remainder of the thesis.

Part II provides a description and analysis of participation schemes presently operating in both Canada and the Federal Republic of Germany with the assistance of the theoretical framework developed in Chapter 3. This part of the thesis begins with a portrayal of historical developments leading up to the present state of the art in participative management. Moreover, it summarizes the various evolutionary stages of participation for both countries in comparative fashion (Chapter 4).

Chapter 5 describes and analyses the institution of collective bargaining. This is accomplished by a critical examination of bargaining structures; management/union policies and (where applicable) existing legislation; and mechanisms for conflict resolution as these facilitate or constrain genuine decision-power sharing between the bargaining parties. The major features of collective bargaining in both countries are subsequently compared in the Summary and Conclusions section of this chapter.

Chapters 6, 7 and 8 describe and analyse the various participation decision formats operating in Canada based on the "building blocks" of participation (bargaining structure, management/union policies and conflict resolution etc.) used in Chapter 5 on collective bargaining.

Chapter 9 deals exclusively with worker participation rights under the various West German co-determination statutes. While for some readers this chapter may appear to be rather formalistic, voluntary participation schemes in the Federal Republic of Germany can only be understood as activities running parallel to the statutory participation requirements. As the legal system of a society reflects a number of socio-cultural traditions, a careful analysis of existing statutes will also contribute to our improved understanding of the explanatory power of such traditions embedded in them.

Chapters 10, 11 and 12 describe and analyse the various *voluntary* participation formats currently practised in the Federal Republic of Germany in the same fashion as those operating in the Canadian context.

In Part III, the results obtained from analysing the data are linked to the assumptions made by the power relations model which were developed to provide an answer (or partial answer) to the research problem. As well, this part attempts to provide an explanation of the observed similarities and differences in participative arrangements operating in the two countries. Chapter 13 evaluates the results obtained from comparing the collective bargaining systems as well as the voluntary participation schemes of the two countries against the standards provided by the power relations model. It then discusses the results in terms of the explanatory import of the independent variables, and provides an explanation of observed similarities and differences.

Chapter 14 links the major research questions with the enterprise power relations model, responding to the questions on the basis of other major conclusions drawn from this study. It then proceeds to draw a number of conclusions about the utility of the power relations model as an analytic tool for comparative analysis and innovative theorizing in the sociology of organizations. Finally, this chapter arrives at some practical implications of the findings for future research in this area as well as for policy makers in Canadian business establishments and unions in the private sector.

CHAPTER 2

REVIEW OF RELEVANT LITERATURE

[illegible]rder to address the research questions we posed in the Introduction, [illegible] study will have to include factors both at the macro level of analysis [illegible]the impact of environmental conditions) and at the micro level (power relations and conflicts of interest in the organization). It must also examine the factors which facilitate or impede workers' desire to participate in decisions affecting their day-to-day activities in the workplace. This necessitates reconciling two competing organizational principles. First, decision-making is structured along a hierarchy of command which delineates the roles of workers at their place of employment regardless of their preferences. Second, participation represents a counter-ideology aimed at having workers participate in management decision-making on the distribution of organizational resources which they desire.

Organizational decision processes are shaped by institutional practices (economic, social, educational and legal) which set limitations to any perceived "intrusion" of worker preferences into the domain of management. In turn, the nature of the decision process and the extent to which it has been institutionalized depends heavily on the history of politics, culture, class relations, dominant ideologies and the industrial development in a given country. Our review of relevant literature must, therefore, be guided by three considerations. First, we will be interested in historical developments that have given birth to the institutionalization of current management hierarchies and strategies in both Canada and the Federal Republic of Germany. The most useful literature in this regard are studies examining the socio-cultural, economic, legal and political environments in which participation schemes are embedded (frequently called 'country context' studies). Second, we wish to know what kinds of hierarchical arrangements (or bargaining structures) have shaped the decision process in the participation schemes we propose to examine. Third, it will be necesssary for us to examine the decision process itself, more especially management policies and (where applicable) legal guidelines on the conduct of participation. This will assist us in determining the extent to which worker preferences can be and are now being exercised in a given country and organizational context. Fourth, the extent to which management policies and existing statutes permit the resolution of conflicts of interest arising from labour-management bargaining over the distribution of scarce resources is another aspect which deserves our attention.

The information we require is contained in various selected writings as well as cross-national and historical comparative studies. The cross-national research relevant to us contains only limited references to the problem of management control over resource distribution. However, these surveys include some elements which are useful for the development of a power-sharing model of participation in this thesis. This finding only re-emphasizes the need for an historical comparative study such as the present one, aimed at examining workplace relations in terms of the balance of power between managers (or owners) and workers in relation to whatever environmental conditions that influence it.

'Country Context Studies'

Many authors have stressed the effects of environmental variables on the actual distribution of influence, power and worker involvement in organizations. Moreover, participation structures can be fully understood only within their specific national and historical context. (Walton and McKersie, 1965:191-93; I.D.E., 1981:52-53; Anderson and Gunderson, 1982:8-13; Craig, 1983:7-9). In short, we are interested at the macro level in the extent to which legal, economic, political, class and cultural factors have historically shaped the general operation and decision power-sharing arrangements of participation schemes in Canada and the Federal Republic of Germany.

Some cross-national comparative studies dealing with various environmental factors conditioning the operation of participation systems are relevant to our present effort. These are contributions by authors writing in the 'industrial relations' or 'labour process' traditions of examining workplace relations. One of these is John Dunlop's (1958) introduction of the systems approach to the study of workplace relations, which fostered a more systematic perspective in comparative industrial relations.

Dunlop's book, *Industrial Relations Systems*, argued that theoretical sophistication in the field of industrial relations would have to go hand in hand with the adoption of a comparative approach (Dunlop, 1958:vi,vii). Yet, despite some laudable attempts initiated by the International Institute of Labour Studies in Geneva during the 1960's to re-orient industrial relations along these lines (Walker, 1969; Cox, 1971), the comparative study of industrial relations has, until very recently, assumed a rather minor role in the discipline of sociology. Moreover, whatever comparative work has been produced is rarely if ever self-consciously theoretical in either purpose or method (Shalev, 1980; Walker, 1967; Somers, 1969 and Schienstock, 1981).

Dunlop (1958) certainly deserves credit for providing some initiative in favour of closer theorizing in this area of inquiry. More implicitly, he claims that systems analysis can be a rather trenchant tool in the philosophical analysis of social phenomena. His analysis of the Bituminous Coal Industry in several countries along with his analytical account of the nature and operation of the Yugoslav industrial relations system provide, indeed, an important point of departure for industrial relations theorizing. Before Dunlop's time, such theoretical attempts were usually couched in the pluralist tradition which, in its methodological concerns, confined itself largely to the analysis of trade union structure and philosophy as well as an understanding of the collective bargaining process (Fatchett and Whittingham, 1976; Hameed, 1982).

The main theoretical constructs in Dunlop's (1958) conceptualization of the industrial relations system are a set of rules governing the production system, actors, contexts, and ideologies (dominant value systems). The term 'actors' refers to workers and their organizations, managers and their organizations as well as government and its agencies. These actors interact within a technical, market and power context in the process of making rules (agreements, statutes, awards, regulations etc.). The "energy" required to propel the system and hold it together is supplied by Dunlop's construct of ideology which resembles a kind of shared understanding on the part of the actors concerning the system's operation. From a methodological point of view, the independent variables are the various contexts as well as the actors' perceptions of them, with rules being a dependent variable.

Dunlop (1958) is somewhat ambiguous in his explication of the relations between "contexts" and the making of rules within the industrial relations system. On the one hand, he implies that the contexts are indigenous to the I.R. system in that:

> an industrial relations system at any one time in its development is regarded as comprised of certain actors, *certain contexts*, an ideology which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community.

Elsewhere in the book, Dunlop (1958) lists "contexts" as "features of the environment of an industrial relations system", and locates one of the contexts, e.g. power in the larger society, thereby implying that contexts are not internal to the I.R. system. Obviously, power represents a fundamental element of the I.R. system; whereas, Dunlop's (1958) concept of technical and market contexts are likely to be outside the system itself. The occurrence of conflicts of interest between actors in the system is simply taken as a 'given'. Ideology may be regarded as an intervening hypothetical construct designed for providing system coherence and perhaps actor motivation, although this latter assumption is rather speculative (cf Blain and Gennard, 1970).

From a sociological perspective, Dunlop's (1958) theory is not above the logical and substantive problems of structural-functionalism. For example, he did not document the roots of the British industrial relations system. As well, there is the question of conservative bias in his theory, which is expressed in his focus on manifestations of stability and consensus (via rule-making). Unexpected changes to the system are not given an equal role. Hence, the British industrial relations system is described as a static entity almost independent of events at the individual enterprise level. These biases of structural-functionalism are not well suited for the analysis of historical events and non-orderly change (see also Turner, 1982:113). Thus, while discussing the "collection of rules for each country", Dunlop (1958:198-263) has not provided us with an insight into the formal and informal processes of enterprise policy-making (managerial control aspect), especially its general objectives and the consequences it may have for workers.

Walker (1977:311-312) has summarized the various criticisms of Dunlop's (1958) formulation and application of the industrial relations system succinctly, namely that:

(a) it is static, not dynamic in time;
(b) it concentrates on structure and ignores processes;
(c) it emphasizes the stability of industrial relations systems rather than the conflict and dissidence within them;
(d) there is confusion over its use as an abstract entity and as a concrete or substantive formulation (e.g. the 'voluntarist' character of the British industrial relations system);
(e) it concentrates on formal rules and not informal processes;
(f) it does not entail an account of the ways in which inputs are converted to outputs; and
(g) it is environmentally biased and, therefore, provides no articulation between the 'internal' plant-level system and the wider system.

Nonetheless, systems analysis has enabled Dunlop (1958) to achieve a comparative perspective in order to acquire greater theoretical sophistication (Shalev, 1980). It is also to Dunlop's credit that he introduced an analytical approach to the discipline based on comparisons over time and across nations, rather than an analytical approach built on description. (For recent studies in this 'industrial relations' tradition see Elbaum and Wilkinson, 1979; and Streeck et al., 1978).

More than a decade after Dunlop's (1958) publication of his *Industrial Relations Systems*, Dore's (1973) comparative analysis of employment practices in Britain and Japan provided scholars with a much needed empirical and systematic analysis of employer-employee relations in a factory setting. In contrast to comparing the characteristics and functions of trade unions, which had more often than not been the central focus of many investigations, Dore's (1973) analysis is not only steeped in a detailed awareness of the historical record but also proceeds on a number of different levels.

First, Dore (1973) points out that, in the Japanese case, the modern large enterprise system of permanent employment emerged in a specific historical context, namely that of an economy destroyed by war. Under these circumstances, both the workers' drive for security and organization and management's interest in restoring the supply of skilled labour were logically served by enterprise-based employment. Second, Dore (1973) shows that there are demonstrable historical precedents for the modern system, although he adds that such precedents have a variety of origins. Some of these were, as Shalev (1981:256) notes, "an unconscious carryover from feudal times and some were consciously adapted from traditional practices, while others were borrowed from abroad". Third, Dore argues that the historical circumstances under which capitalism came into being have had decisive results for the subsequent character of employer-worker relations.

Dore's (1973) insightful analysis of the family, politics, education and their respective impacts on labour-management relations in Japan and Great Britain makes an important contribution to the more central focus of industrial relations which, as Somers (1969) assertes, is rooted "in the worker and his interaction with other workers and management at the workplace". There are other insights that may be gained from Dore's work. For example, a common heritage of culture, politics, education and family life "may have been one of the facilitating factors which made Japan's employment system possible". However, such common values shared by the emergent working and capitalist classes are not only derived from national character and culture, but also from what Dore prefers to call "situational differences", or put more simply: job demands and the qualifications required by them.

Dore (1973) also challenges the assumption of various convergence theories, namely that the Japanese are suffering from "a slightly prolonged form of industrial immaturity, and that they will sooner or later shed their aberrations and become like us". On the contrary, Dore argues that the British, especially with regard to their employment and industrial relations system, represent the deviant case. Britain is the product of the earliest and slowest process of industrialization which was institutionalized in the mid-19th century when free market principles dominated. Japan, by contrast, was able to take advantage of the "late development effect", which involved not only borrowing of the latest technology, but also the more advanced personnel practices and educational systems of the industrial societies. Hence, Dore argues, Japan's late development may well become the image of the West's future in industrial relations.

Dore (1973) has clearly provided a model of analysis which other scholars might wish to emulate, as: (1) his different ways of description and appraisal of the two industrial relations systems have an integrating perspective, namely his focus on the important theoretical issue of convergence, and (2) he performed an in-depth analysis of only two industrial relations systems in a consistent and systematic way. On the other hand, he has not provided future investigators with a methodology for the comparative analysis of other industrial relations issues and is overly concerned with detail (Shalev, 1981).

Gallie (1978) conducted an interesting comparison of two of British Petroleum's British oil refineries and two of their French refineries. The cross-national perspective was chosen in order to assess the influence of different national cultures and institutional practices on an identical technological form of production. This author's research shows a definite class bias, which distinguishes it from the previous contributions.

Representing a revival of the 'culturist' mode of explanation at the theoretical level, Gallie's work is empirically useful in that he succeeds in demonstrating that common technological systems may be institutionalized in substantially different ways in divergent cultural environments. Authors writing in the culturist tradition maintain that in the work situation, for example, historical developments have produced cultural patterns which significantly affect managerial strategies, work methods and the dominant work ethic of a country.

Gallie concludes that "while the Western nations share a common capitalist mode of production which generates similar conflicts of interest for employers and employed, this underlying system contradiction can have different consequences at the level of social integration." The crucial variables mediating between cultural norms and the response of workers to the overall work situation, Gallie suggests, are factors like managerial ideologies and policies, the structure of power in social institutions, and the ideologies and modes of action of the various sectors of the trade union movement characteristic of the specific society. Moreover, if we are to understand the differences between the working classes of the various Western societies, we will need to look more closely at the way in which historical experience has shaped cultural and social structural patterns.

In a different vein, Maurice and Sellier (1979) examined the influence of historical, economic, political and demographic factors on the patterns of control over work relations in France and Germany. Like Dore (1973) and Gallie (1978), these authors attempted to operate simultaneously at both the macro and micro levels of analysis. Shalev (1981:253-255) has made a very cogent analysis of Maurice and Sellier's work, and we will, therefore, base our further commentary on this scholar's critical evaluation of their research.

At the macro level, Maurice and Sellier (1979) suggest that differences in the timing and pattern of industrialization, the organization of capital, and the formative demographic, economic and political contexts of class formation and mobilization have conditioned the differing character of class organization and conflict in the two countries. For example, among the factors which favoured the emergence of a more unified and organizationally disciplined union movement in Germany was the more rapid creation and homogeneous composition of the manual working class, providing it with a more solidaristic and bounded character. Additionally, the high degree of cartelization of capital encouraged strong and centralized organization on the employer side.

The second level of Maurice and Sellier's (1979) analysis departs from certain differences which these authors observed at the micro level of industrial relations in contemporary France and Germany. These differences are anchored in the contrasting treatment of occupational skills in the management of enterprises and the operation of labour markets. German society and state policy have been characterized by educational values which give priority to vocational over theoretical training and which see the responsibility for such training lying with employers rather than (as in France) with the state.[1]

Such differences between the two countries also centre on differing conflict strategies of French and German unions. In France, unions rely heavily on strikes in resolving plant-level disputes and anchor such conflicts in an ideological critique of the entire system of social relations, whereas in Germany they have been willing to accept severe restrictions regarding the use of militant techniques at the factory level while aggressively pursuing concessions on co-determination in the political arena.

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[1] This does not hold true for the West-German public sector where senior matriculation and a university education in administrative law and the liberal arts, especially for career civil servants (*Beamte*), is still the prescribed training for career development (*author's note*).

Maurice and Sellier (1979) explain this contrast in terms of the greater 'legitimacy' of the enterprise in Germany, itself a consequence of: (1) the high social prestige which industry has enjoyed as a result of its "technical performance and dynamism", (2) the fact that, at an early stage in the evolution of modern employer-workers relations, the state and the army imposed on employers the duty of recognizing workers' rights to participation in management, (3) the valued status of the enterprise in the workers' eyes due to its role in providing vocational training, (4) the fact that, in a decentralized structure of control, workplace conflicts are less likely to escalate and become politicized, while in this same structure of co-determination workers can exercise greater leverage through works councils over such vital issues as recruitment, promotion and job assignment.

Finally, Maurice and Sellier (1979) argue that values - in the form of 'legitimacy' in Germany and its denial in France - guide the behaviour of the actors in industrial relations with respect to three key variables: (1) the position of the enterprise in society; (2) worker respect for managerial functions and employer recognition of unions; and (3) the status of workers in the enterprise. However, as Reynaud (1979:314-321) has argued, the origins of the different value orientations on which Maurice and Sellier (1979) focus are obscure, and their assumption that behaviour originates in values is sociologically unsound (cf Shalev, 1981:254).

In a series of case studies of four countries (Britain, the United States, Germany and Japan), Gospel and Littler (1983), writing in the 'labour process' tradition, attempted to generate a theoretical framework in which the development of managerial strategies can be placed. These authors start with the assumption that it is the employer who plays a dominant role in shaping work relations and the pattern of a country's industrial relations system, and that workers and their trade unions have, in large part, reacted to the various initiatives on the employer's side. A careful examination of business histories reveals, for example, that management has a choice as to the course of action it follows and the structural arrangements in the firm it adopts. This choice is made by a "dominant coalition" of managers, but is subject to negotiation and accommodation with other groups e.g. workers and their organizations. The outcome of such choice is not only the establishment of structural forms but also the shaping of the environment in which the firm operates. The idea of a range of alternative choices, experimentation, and constrained choice in managerial decision-making underlies much of Gospel and Littler's (1983) examination of these four countries.

Building on earlier 'labour process' and other scholarship, Gospel and Littler (1983) sketch the development of capitalism and its effects on labour and management structures and strategies over time. Woodward and

Reeves (1970:50-54), for example, generated a typology of control which can be applied to different historical situations. They identified three main types of control: first, "personal" control through direct supervision and the development of managerial hierarchies; second, "mechanical" control embedded in machinery and production processes; and, third, "administrative" control based on more impersonal rules specifying required behaviour.

In *Labor and Monopoly Capital*, Braverman (1974), for example, argued that under capitalism there is a tendency over time to the deskilling of work, as employers rationalize the production process and subdivide jobs. Braverman's contribution has directed the attention of historians to Taylorism and the Scientific Management movement which is seen by him as historically crucial while still influencing the underlying dynamics of work organization. Around this theme, a growing body of literature has developed recently at both the theoretical and empirical level. These writings have added significantly to the literature by calling into question the overall deskilling thesis, and in particular Braverman's (1974) implication that deskilling represents the one major employer strategy.

Edwards (1979) traced the growth of the labour-management relationship in North America from the late 19th century onward and identified the gradual development of employer strategies through a number of stages: from "simple" control by the members of a business family and their foremen, and relatively unsophisticated piece-work systems, through "technical" control via machines and methods of work organization, to a "bureaucratic" stage where employers seek to develop elaborate systems of rules and procedures to control workers. This author notes, furthermore, that some of these control systems may still exist side by side to this day in certain countries.[2] In essence, Edwards' (1979) typology of the development of management strategies has many features in common with the typology of managerial control advocated by Woodward and Reeves (1970:50-54).

Friedman (1977), in examining the history of the British hosiery and automobile industries, has observed managerial strategies of 'direct control' by coercion and close supervision and 'responsible autonomy' where workers are given more say in decision-making and are treated in a more collegial manner. Like Edwards, Friedman (1977) attempts to place managerial strategies in the context of different product and labour markets, and different competitive situations.

Chandler (1977) traced the development of the modern North American enterprise, showing how the rapid expansion of the market and changing technologies induced business firms to pursue strategies of geographic and product differentiation. These strategies, in turn, generated new organizational structures to cope with the problems which growth had created. In particular, firms developed centralized and divisionalized forms of organization. Emphasizing the growing importance of management functions, bureaucratic hierarchies developed, which coordinate economic activities, although Chandler (1977) still allows for markets to guide management decisions. These developments, he argues, occurred in the early decades of this century in the United States, at about the same time in Germany, and in the post-World War II period in the United Kingdom and other European countries.

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[2] A more elaborate discussion of the Edwards thesis is contained in: Thompson, (1983:144-150). *However, the reader is encouraged to consult Braverman's (1974) influential contribution, Labor and Monopoly Capital.*

The arguments of Chandler (1977) and Gospel and Littler (1983) stress two types of explanatory factors in their analysis of managerial structures and strategies in the four countries they examined. First, they emphasize the effects of the nature of product and labour markets, especially their structure in terms of boundaries and the level of demand and competition in them. Second, they note that the workers' own objectives in the enterprise provide an essential element in the dynamics of decision making, both creating day-to-day problems for management and possibly obstructing managerial strategies.

Gospel and Littler (1983) then outline a theory of work organization and labour relations under monopoly capitalism.[3] In establishing a link between monopoly capitalism and patterns of industrial relations (one of our foci in this study), the authors assume that the nature of unionism is largely determined by labour market conditions and managerial strategies against which workers react *at the point of union formation.* The authors trace this point of union formation historically by creating two analytic types, namely competitive and monopoly capitalism. Under competitive capitalism, employers had almost unbridled power to hire and fire in securing cheap labour, and to extend the working day at will; they had, however, limited resources for long struggles. As a result, successful employer resistance to labour's demands depended on state action or on concerted action by employer federations. In contrast to the conditions of early capitalism, monopoly capitalism with bureaucratic work organization and internal career structures substantially changed the nature of the labour market. Yet, while employers may be just as resistant to union recognition, employers' resources are much greater to pursue a range of strategies (professional personnel management, considerable financial resources, funds for welfare expenditures, housing and extra bonuses, etc.).

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[3] In contrast to competitive capitalism where firms selling a certain product are competing for a fair share of that product market, monopoly capitalism has disposed (as far as this is possible) of the competitive market element by firms selling the same or similar products amalgamating into a conglomerate and, in this manner, securing a monopoly position in that product market.

These developments led to different employer ideologies, predominant labour-management strategies and industrial relations patterns in the four countries examined. For example, in the United States and Germany, the extent of monopolization encompassed entrenched oligopolies. However, employer strategies differed in the sense that they were individually-capitalist, laissez-faire and sensitive to Taylorism and the wider efficiency movement in the U.S.; whereas, in Germany, value systems retained their nationalistic, authoritarian and paternalistic flavour. These ideologies translated themselves into Taylorite labour strategies with some development of internal labour markets (such as described by Doeringer and

Piore, 1971:13-40) and paternalistic practices in the U.S., with similar conditions prevailing in Germany. Yet, the countries' industrial relations patterns differed in that we find a prevalence of local collective bargaining and the formation of some company unions in the U.S. and Canada; whereas, we have witnessed the establishment of works councils in all enterprises with five or more workers in the Federal Republic of Germany.

Gospel and Littler (1983) conclude their contribution by arguing that, while it is possible to develop a theoretical model of managerial strategies under monopoly capitalism, the experience of the four countries indicates that there is no simple relationship between phases in the development of capitalism and shifts in the nature of employers' policies toward labour. It seems that management and worker attitudes inherited from earlier phases of economic development persist into the modern era and exert a powerful influence on industrial relations policies. Also, such policies are the outcome of a range of factors more complex in nature than writers such as Braverman (1974) have assumed. Gospel and Littler (1983) did not, however, point to some of these 'factors' responsible for the different industrial relations policies in these countries. Yet, they have provided an incisive analysis and commentary on historical trends. The latter should, again, sensitize future scholars to the importance of employer labour policies as a powerful moderating variable in the investigation of worker participation systems.

The strength of labour process analysis as shown in the above studies lies in its ability to provide an historical and theoretical framework for understanding the processes of production and employer-worker relations. However, it has also been criticized on various grounds - notably its failure to account for the effects of worker resistance to the development of production methods, its view of workers as a homogeneous aggregate of individuals, the underestimation of the varieties of managerial control, and what *form* of control will be applicable in different circumstances. In addition, Thompson (1983:151,215) asserts that the most consistent weakness of existing labour process theory has been the tendency to counterpoise one form of control against another. But the existence of varying types of control is a reflection of what Crompton (1978:8) refers to as the fundamental tension of management: 'that of attaining maximum control over activities, at the same time as achieving a measure of voluntary compliance.' "Direct control" and "responsible autonomy", therefore, may not be so much *alternative* strategies of managing the workforce, as a reflection of this persisting managerial dilemma.' Hence, it is perhaps more fruitful to consider differences in terms of *dimensions* of control. The task of labour process theory then becomes that of understanding the *combinations* of control structures in the context of the specific economic environment of the enterprise or industry (Thompson, 1983:152). This is one of the objectives of this study.

Management Control and Hierarchy

An important property of participation for generating our model is decision (or participation) structure. This is so, because the potential for participation arises out of structural conditions which facilitate or impede labour-management interaction, influence and information exchange under conditions of openness and trust. This property has been stressed by several scholars (Tannenbaum et al., 1974; Loveridge, 1980; I.D.E., 1981), and we will, moreover, assume that it substantially affects labour's 'propensity' to participate. Walker (1968) has defined this characteristic of workers as the ability to use their knowledge and skills to take part in managerial decision-making, and their willingness (or motivation) to do so.

Decision structures can take on a variety of forms, such as briefing and discussion groups, labour-management committees, works councils, negotiation committees in collective bargaining, quality circles, Scanlon Plan committees, quality-of-working-life committees, boards of directors, boards of supervision, screening committees, and conciliation committees. As Dachler and Wilpert (1978:10-20) have noted, all of these structures vary in terms of their formality/informality, capacity for direct/indirect participation, and the kinds of worker access to decision-making which they provide. These authors, furthermore, stress the view that many investigators discuss participation as an intervention strategy that is applied to a variety of organizational contexts. This implies a power base which legitimizes the activities employed by the designers to implement the intervention. This basis for legitimization varies from a formal, explicitly recorded system of rules imposed on organizations from 'above' (management or the state) to an informal, non-statutory consensus among the members of the system.

We can distinguish three power bases for *formal participation* (I.D.E., 1976:177-203): (1) legal bases, such as clauses in a country's constitution, in national or regional laws, or in governmental executive orders; (2) contractual bases, which for most countries involve chiefly collective bargaining agreements at the national, regional, company or shop-floor level; and (3) management policies which are unilateral regulations about the involvement of various groups or individuals in decisions about the organization. By contrast, *informal participation* schemes are, sometimes, based on a consensus among managerial personnel, work groups or individual workers and become legitimized through daily work practices and evolving norms or customary procedures. The formal/informal property of participation schemes appears to remain a topic of some importance in current discussions on the subject, especially within the European industrial relations community.

As some writers have pointed out, personal involvement of organization members in decision-making is, ultimately, the ideal form of participation in most theoretical frameworks (see, for example, Lammers, 1967:201-217; Dachler and Wilpert, 1978:12). However, such *direct participation* can vary from country to country, or within a country, in terms of access to the decision-making process, the variety and scope of issues, the kinds of decision rules to be included in the participative decision process, and the bases of legitimacy on which the direct participation system has developed.

Representative or *indirect participation* derives its meaning largely from the contrast it provides to direct participation systems which, in turn, are juxtaposed to the dynamics of autocratic social systems. The basis for such a distinction is grounded in the differentiation between direct and indirect forms of participation in the government of a nation and the conditions which seem to require one or the other form of participation (Haller, 1972: 265-274). As is well known, representative participation now exists in a number of European countries, both through elected works councils and through representation on the governing board of an organization.

Another property of decision (or participation) structure which is rather important to our present discourse is that point in the management decision hierarchy in an organization at which workers can gain *access to decisions* that are of direct concern to them. The question of access to management decision-making becomes even more complex when we consider a number of distinctive levels of potential operation. There is variation in the scope of actual control of workers over any given decision, and a range of work-related ideas on which genuinely participative discussion is permitted. Thus, there may be access to decision-making at the shop-floor level and not the enterprise level; at the enterprise level and not the industry or national level; control over access may be limited in scope to certain issues, such as those *not* contained in a collective agreement, for example; or access to participation may be confined to a limited range of issues, such as problems of a technical nature or worker welfare (cf Dachler and Wilpert, 1978:14-16).

A point that is infrequently (or not at all) stressed in the participation literature is that the location of worker access to the management decision structure (shop-floor; plant; enterprise; industry etc.) may also influence what kind of worker representation is permitted. A case in point is the *equal* representation of workers at the works council (or plant) level through works committees and only one-third (1/3) representation at the enterprise level in most West German firms.

The point of worker access to decision-making can also determine how decision rules are actually set, that is by genuine 'consensus', majority vote or whether they are 'engineered'. In following the previous example, the enterprise level supervisory board of a West German firm sets decision rules by majority vote and, as workers have only 1/3 representation on the board of firms with over 500 and up to 2,000 employees, worker consent to *any* issue proposed for decision by management is certain to be forthcoming, as it is 'engineered' by the legislation governing the procedure.

In a cross-national study of five countries (Israel, Yugoslavia, Austria, Italy and the United States), Tannenbaum, et al. (1974) examined the effects of hierarchy (decision structure) on workers' job satisfaction, sense of responsibility and motivation in the plant, adjustment to work procedures, and perceptions and ideals concerning certain aspects of the organization and the individual's role in it. This study was carried out in the 'plant sociology' tradition and gathered data from individuals in a sample of 50 plants (ten from each of the above countries).

Based upon the premise that power is a correlate of hierarchy, the authors first examined the theoretical distribution of power within organizations ranging from relatively egalitarian and participative situations to those which are not. In this exercise, they outline the basic principles of ownership, organizational structure and decision-making, management philosophy and the reward system, as all of these variables affect participation in each of the five countries.

The authors then measure the actual distribution of power in the plants selected for the study. They accomplish this by having persons from various hierarchical levels in the organization respond to an index of participativeness developed by Likert (1961 and 1967). This index implies a continuum ranging from 'authoritative' to 'participative' in terms of the theoretical dimensions mentioned (structures of managerial decision-making, management policies etc.). The responses are then compared in terms of what the respondents think is ideal participation on certain issues and what they perceive as happening in their particular plant.

The results indicate that most respondents desired greater participation in their organization consistent with earlier research in this area (Haire et al., 1966). The Tannenbaum (1974) research group locates the basis of power in the individual, which raises the point whether, for example, subordinates in a participative system differ from those in a non-participative system in their reasons for accepting authority. The authors refer to a study by French and Raven (1959) which suggests five reasons why a person may accede to the influence of another. Called 'bases of power', these reasons include the belief that the person exercising control: (1) has superior knowledge relevant to the task; (2) can dispense rewards, or (3) punishments; (4) is attractive as an individual; or (5) has the right to exercise control. French and Raven (1959) refer to these respectively as the expert, reward, referent, coercive, and legitimate bases of power. To these, Tannenbaum et al. (1974:74-75) add their own base of power, namely the person's "sense of commitment to a larger purpose served by the organization", or put more simply, a commitment to the "law of the situation." The authors found that this power base rated as the most important in all countries, followed by expertise, referent, reward and coercion, the last being a relatively ineffective basis of power in the modern organization (cf Nightingale, 1982: 99-101).

One of the major conclusions the Tannenbaum (1974:208-220) group offers is that hierarchy is a matter of degree. Some functions associated with rank are the result of choices made by organization designers, and it is with respect to the distribution of these functions that different managerial systems are most clearly distinguished from one another. Second, participation in decision-making may increase the influence of workers but may also increase the power of top personnel. Authority and influence are, therefore, inevitably hierarchical in the work organization, egalitarian ideology notwithstanding. Third, values concerning the aspiration of organizational members to move up the hierarchy of authority play a significant role in what degree participation is considered as ideal (especially in the North American firm). By contrast, the laissez-faire attitude of Kibbutz members may result in a very different hierarchical structure. Fourth, the satisfaction and other reactions of organizational members are a joint result of the distribution *and* the total amount of reward in a system, and not one or the other exclusively. If the distribution cannot be changed and there are limits on how egalitarian the distribution of some rewards can become - perhaps the total amount of reward can be changed, although there are limits to such an approach as well. Fifth, influence (or power) refers to the ability of persons to affect outcomes in intended ways, and there is a good deal of logic and some evidence to suggest that organizations differ in the size of their 'influence pie'. Hence, a given gradient of power means something quite different to organization members when the overall opportunity to influence the hierarchy is high when compared to when it is low. Sixth, the finding which organization theorists will perhaps accept as most intriguing is that the differences in hierarchy between countries are not as large as might be expected. However, the number of countries (five) which the authors sampled may allow scholars to generalize this result only with caution. Yet, certain principles of organization seemingly transcend culture and ideology, especially in large-scale organizations which may be the result of technological and administrative imperatives. This may, in turn, increase the similarity of organizations in various nations despite differences in culture and economic environment.

This study is an example of the limitations inherent in the orthodox 'plant sociology' approach to the study of organizations. Post World War II sociology stressed the behaviour of people in the organization to the exclusion of management structures, attempting to modify management processes and working conditions to improve worker satisfaction and efficiency. This approach has also been noted for its insularity from environmental circumstances affecting a given plant, such as the impact of political structures, cultural and economic factors, etc. (see also Thompson, 1983:18-19), and this is certainly the case in the Tannenbaum et al. (1974) survey. Moreover, this study shows an inadequate treatment of work as a system and process, in that it contains no reference as to how decisions come about and how worker participation in them is controlled by management. Likewise, we find no reference to a mechanism as to how conflicts of interest in the organizations surveyed are regulated.

Decision-Making Studies

The participation process to which the various structural conditions mentioned in the previous section may give rise depends largely on the nature and scope of managerial decision-making which takes place in the organization introducing a particular participation scheme. As already noted, such schemes are usually based on legislation, labour-management contracts, or simply management policies, and may have varying degrees of formality/informality.

In order to work our way toward a power relations model of participation, it will be necessary for us to briefly examine the organizational decision process proper, and then identify some decision formats that allow varying degrees of worker participation in the management decision process. Gore and Dyson (1964:1-2) make the following comment on the relationship between organizational structure and decision-making. They say that:

> ...it is doubtful that decisions account for much of what happens within organizations except as they lead to or provide linkages between other elements of organization. Vastly more important is structure, formal and informal. It is the structure of organization which embodies the authoritative allocation of values, defines communication patterns, and specifies the division of labour.

Thus Gore and Dyson (1964) are suggesting that the external constraints faced by the organization and the internal routines embedded in it are more important in determining decision outcomes than it is often supposed. It is, therefore, the premises upon which organizational decision-making is based that will be our first concern in this section.

Heller (1976:688-90) reviewed some major contributions that enhance our understanding of the decision process. One of these comes from the work of Simon (1957), who successfully challenged major assumptions in neo-classical economics that decision-making is based on perfect knowledge about the state of nature, and that decision-makers seek to maximize their utilities or satisfactions. Simon (1957) argues that no decision-maker can store and digest all information that is available. People's rationality is not only bounded but also distorted by subjective processes which cause them to see their reality from a particular perspective. Moreover, the individual's search for alternatives is impeded by perception and knowledge limitations. Therefore, the individual is inclined to stop looking for alternatives when a minimum set of priorities is met fairly adequately. While a particular choice could represent optimum conditions, people are generally satisfied with far less, and frequently look no further; they tend to settle for a 'satisficing' solution (achievement of minimum requirements) rather than an optimal one as required by the perfect knowledge assumption (see also Isard and Smith, 1982:323).

Another major contribution to this area, especially the analysis of power in relation to decision-making, is contained in the work of Weber (1947). This is the institutional model of decision-making, which, like that of the classical economists, produced a logical and normative framework for explaining bureaucratic processes. Weber (1947), however, centred his analysis of bureaucracies around isolated logical categories called 'ideal types' which were selected to represent certain elements of reality, while avoiding the de facto reality of an empirical investigation (Gerth and Mills, 1968: 59-60; Bendix,1962:271ff).

Weber (1947) was interested in describing conditions which enabled the decision process to become operative and effective, and he saw three major alternative forces at work: (1) rational beliefs based on a legal framework and effective bureaucratic machinery; (2) the force of traditionalism and the predictive stability it provided; and (3) the forcefulness and exceptional qualities of leadership which enable a few people to impose their personal authority on the decision process. The orderly development of the bureaucratic process was seen as helping the existence of widely diffused dominant ideologies and the recognition of self-interest in the legitimated decision procedure (cf Heller, 1976:689).

The third major contribution to the literature on decision-making (and closely related to this study) comes from the work of social psychologists. For example, Likert and many of his colleagues worked on several different approaches during the late 1940's with investigations on supervisory styles of clerical work in insurance companies and manual work on the railways. The long series of investigations have been ably summarized in a number of books (Likert, 1961 and 1967; Tannenbaum, 1968), and the more experimental orientation of decision-making and power-sharing was reviewed by Cartwright (1965) and, from a broader perspective, by Vroom (1970).

Most of this work is based on the view that decision styles can be adequately described by an authoritarianism-participation continuum (Lowin, 1968:68-106; Nightingale, 1982:86-90). As in the case of the economic and sociological models, theorizing concentrated on a universalistic position, in that it tested propositions that would apply in most or all circumstances. Exceptions were only occasionally found, and explanations to account for them were put forth by some authors (Likert, 1961; Fleishman et al., 1955). The view that decision processes are a function of known predictor variables related to the situation (technical factors, organization structure, etc.) has been mentioned by some authors already over a decade ago (Fiedler, 1964; Heller and Yukl, 1969:227-241; Lawrence and Lorsch, 1967:1-47; Wofford, 1971:10-17).

A comparative Canadian study by Nightingale (1982:83) examined democratic and hierarchical (authoritarian) organizations in terms of their dominant work ideology, structure, processes and outcomes. He found that the structure of hierarchical organizations does not permit rank and file participation in decision-making in that decisions are centralized at upper hierarchical levels. Job descriptions, formal rules and regulations govern the activities of organization members at all hierarchical levels. Autonomy, discretion and responsibility are allocated to persons at each hierarchical rank, so that each level has greater amounts than the level immediately below.

The democratic organization, on the other hand, allows lower-level members the right to participate in decision-making, either on issues of immediate relevance to the work itself or on issues of organization policy. Less emphasis is placed on the chain of command, and greater latitude, responsibility and autonomy are permitted in the conduct of the work. Yet, Nightingale (1982:84) sees technology as a constraint on autonomy and responsibility. In general, however, he found that collaborative forms of workplace democracy hold greater potential for rank-and-file influence in decision-making than adversarial forms, because of the greater freedom of action allowable when trust exists between the parties. Mutual influence is willingly granted; one party cannot ignore the other party's wishes without destroying the relationship. When the relationship between management and labour is adversarial, attention focuses on issues which divide, rather than on issues which unite, and the area of mutual influence shrinks accordingly.

Nightingale's (1982) findings are consistent with the results of an empirical study carried out by Elden (1981:51) who found that having some power over one's work is usually linked with an interest in taking up participatory opportunities. If there is no chance to have an impact, one does not attempt to participate. Importantly, however, this author confirms a distinction between *work democratization* and *work humanization* made earlier by Pateman (1970), Braten (1972:98-107) and Mulder (1971a:31-38). Enhancing the affective experience of workers through so-called humanization efforts (sensitivity training, joint problem-solving, job enrichment, autonomous work teams, quality-of-working life projects, etc.) is not likely to lead to an increased sense of political efficacy on the job as would changes in the power and authority relations. Elden (1981:51) further asserts that affective enhancement alone implies a management strategy of unobtrusively reinforcing hierarchical authority while developing a more satisfied and committed workforce. In short, it is management's decision whether to *appease* workers via work humanization or *empower* them via work democratization.

In this thesis, we will assume that (following Abell, 1975:37) the decision process in business organizations is primarily a device for the distribution of power and influence rather than a means for problem-solving and choice behaviour (cf D.I.O., 1979:301; Clement, 1975:23). This observation is theoretically useful for this study, in that it facilitates a conceptual distinction between aspects of the decision process proper and problem-solving behaviour, the latter occurring in the majority of work humanization projects.

We will further assume that decision-making involves the choice of a course of action from among a set of feasible alternatives which, given present and possibly future conditions, appears to be most effective for management in achieving its strategic objectives. Moreover, such a choice from a range of alternatives involves an evaluation of how particular organizational resources ought to be distributed (wages and benefits, promotions, working conditions, special opportunities or privileges etc.) via resource bargaining between labour and management. The decision rule set, either unilaterally by management or jointly by both labour and management, then determines the allocation of such resources. By contrast, problem-solving behaviour presupposes a 'deviation' from some expected norm. This involves the investigation of some defect, its present manifestation and potential causes as well as means of correcting it.[4] Also, problem-solving behaviour frequently results from a previously made decision, that is, the choice of an alternative which failed to accomplish the desired goal. Thus, setting the decision-rule in the distribution of resources is the primary event and *evaluative* in nature; whereas, problem-solving behaviour is the secondary event and largely *corrective* in nature. However, both events might be mutually inclusive and parts of the decision process. Resource bargaining determines the nature and size of the resource that is to be distributed or committed to achieve the firm's objectives. By contrast, problem-solving identifies ways in which the resource committed can be better used to the organization's advantage.

This approach represents a plea for an interactive model of organizational decision-making where individuals make decisions in interaction with other individuals, in contrast to the rational classic model which assumes the presence of a person who chooses a course of action from a set of alternatives on his own (cf Abell, 1975:16). For example, Heller (1976:692), conducted an in-depth empirical study of managerial decision styles in the United States and West Germany, and found that nearly all managers he surveyed in both countries stated that:

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[4] This formulation has some similarities with Walton and McKersie's (1965) distinction between 'distributive bargaining' and 'integrative bargaining'. The former addresses the process whereby organizational resources are distributed, and the latter the means by which problems that have arisen in the labour-management relationship can be resolved (see esp. Chapts. II and IV).

> Firstly, they 'shared' the activity [decision-making] with various people: their subordinates, colleagues and their superiors. Secondly, it emerged that while they made a decision, the final authority could lie with somebody else, and it was not always clear where the final decision emerged ....This situation of the decision-maker as the endorser of other people's recommendations has not often emerged in the literature.

Almost a decade before Heller's (1976) empirical investigation of the decision process, the interactive tenor of decision-making was alluded to by Galbraith (1967:67-70)) who remarked that even presidents of large organizations such as General Motors "exercise only modest power over substantive decisions". A similar situation of relative 'powerlessness' on the part of top decision-makers has also been found by Wilkins (1967) in the legal process.

Such interactive model of organizational decision-making holds some useful theoretical possibilities, especially when we regard the decision process in business organizations as a *bargaining exchange* between two or more parties. Here, we have the support from many empirical studies on bargaining and negotiation since the late 1950's. Following a comprehensive review and classification of about 1,000 studies on various aspects of the bargaining process, Rubin and Brown (1975:3) conclude:

> Bargaining is a cardinal illustration of social interaction. It is no more possible to discuss the psychology of a single bargainer in the absence of his partner than it is to attempt a description of the sound of one-handed clapping....Most generally, we view bargaining as a subset of those social rela-

> tionships concerned with the resolution of conflict. Conflict is a state that exists when incompatible activities occur.... It is our contention that regardless of origin, the resolution of conflict...may be described in terms of bargaining processes.

If we accept the notion that the decision process in business organizations really represents a bargaining exchange (although weighted in favour of the employer) between managers, or between managers and subordinates, then we can follow Rubin and Brown (1975:10) as well as Thibaut and Kelley (1959) by assuming further that the decisions made in a bargaining exchange concern: (1) the division or exchange of one or more specific resource(s) and/or (2) the resolution of one or more issue(s) among the parties or among those whom they represent. The result of bargaining is that each party receives some outcome from the exchange *(as is precisely the case in participation schemes)*. Thibaut and Kelly (1959) express this characteristic as one of "outcome dependence". We will therefore assume that, at least in business organizations, it is the exchange of (non-abundant) resources via the bargaining process that forms the pivotal point around which power relations take place and conflict strategies are exercised.

Some evidence on how organizational decisions are incorporated into management strategy and how such strategies affect workers comes from a cross-national comparative study. An international research team (Decisions in Organizations - D.I.O., 1979) examined different forms of participative decision making in three countries (Britain, Yugoslavia and the Netherlands). More especially, it conducted a longitudinal, in-depth study of a large number of decisions in a small number of organizations. The objective of the study was to generate findings which can be generalized across decision-making groups for a great variety of decision types. It is an extension of Heller's (1976) work on power relations at senior organizational levels, and investigates the consequences and effectiveness of participatory decision styles in detail.

The first part of the D.I.O. (1979) study examined short-term 'operational' decision-making. It then analysed its effect on the use of worker skills and work satisfaction. Subsequently, it shifted its focus to long-term 'strategic' decisions and to discrete phases of the decision cycle. Certain variations in power and influence which occur at each step of the decision-making process are also critically examined. One of the key assumptions made by the D.I.O. group is that decision methods are best measured on the Influence-Power Continuum (IPC) as suggested by Heller (1976:695-96). Another is that, again following Abell (1975), decision-making is primarily a mechanism for the distribution ~~of organizational~~ power and influence rather than a device for problem-solving or choice behaviour. The authors found strong positive correlations between decision processes and skill utilization. In all three countries, the more participation and influence in decisions that was permitted by management, the greater was the number of respondents who indicated that their capacities and skills are actually used (cf Elden, 1981: 51).

The D.I.O. (1979:301-302) group's study of decision-making had the following results: the investigators found variations in influence over the decision cycle. Here, they were interested in determining whether influence and power sharing vary over what they identify as the four phases of the decision cycle. These are: (1) initiation; (2) development; (3) finalization; and (4) implementation. It seems that in some organizations the concentration of influence varies by phase of the decision cycle as follows: in phase 1 (initiation) it is greatest for top management; in phase 2 (development) for staff personnel; in phase 3 (finalization) for workers; and in phase 4 (implementation) for staff and top management.

The authors suggest two interpretations of the observed differences in the profiles of influence distribution for decision phases. First, they assume that the first phase of decision-making is the most important, since it is here that the goals of the decision are defined. Second, in the following phases only the means of implementation are sought. Rationality further dictates that the group which controls the first step actually controls the other three phases even in the case when this group does not have the highest IPC score in these later phases.

In another part of the study, the D.I.O. group (1979:304-305) treats the IPC as the dependent variable, and assumes that a variable which they call 'status power' (SP) is an important predictor of how IPC is distributed in the organization. This variable encompasses the variation in formal rules, policies, regulations, or legally backed influence pertaining to decision-making at various organizational levels (from workers through top management). They found that all managerial levels (foremen, middle- and top management) have greater IPC than SP, which means that they have at their disposal some kind of 'illegitimate power' (a surplus over the formally sanctioned amount of power described by SP). It appears that middle management absorbs the greatest amount of free-floating power. This finding of the D.I.O. (1979) group is supported by two other international studies (Heller, 1971; Wilpert, 1977).

These particular studies have, like the Tannenbaum et al. (1974) investigation, many overtones of the 'plant sociology' tradition, except that they place greater emphasis on the process of decision-making and the management control dimension embedded in it. However, by taking the process of decision-making as the independent variable and worker skills and satisfaction as the dependent variables, the importance of historical and environmental conditions is, again, ignored.

We now wish to briefly address the question as to the dimensions (or degrees) of power-sharing between labour and management that certain participation schemes permit. Clearly, we are confronted with a difficult task, as between minimal and full participation lies a multitude of steps which analysts have categorized in numerous ways (Garson, 1974:47; Bernstein, 1976:47-61). There remains still much controversy over just what label is most appropriate for each stage of worker participation. In order to comprehend and systematize the relevant experience, we propose to focus on three major dimensions (or degrees) of participation which are similar (although not quite the same) to those used by other investigators (Bernstein, 1976:48; Heller, 1976:697; I.D.E., 1981:54).

We propose to label these degrees of worker influence on management decisions the information/communication; consultation/co-influence; and co-determination dimensions of participation. They denote the degree of worker influence over any given decision in an organizational context, may in actual practice manifest by a wide range of forms, and occur at different levels of the management decision hierarchy. The point in the management hierarchy at which they are likely to occur will depend on the nature, range and scope of the issues which either legislation and/or managerial policy considers important for worker involvement. For example, a quality-of-working life committee in Canada may exercise consultation/co-influence rights on matters of personnel (recruitment, transfer, dismissal, etc.) at the enterprise level, but be able to hold co-determination rights on work methods and scheduling of jobs at the shop-floor level. Similarly, a West German works council (through its representation on the company's finance committee) has statutory information/communication rights on financial matters at the enterprise level, but can exercise consultative/co-influence rights on worker training and development programs at the plant level. These dimensions (representing degrees of participation) are listed in Figure 1 on the page following for the reader's convenience.

Figure 1

Degrees of Participation

Level of Worker Access	Degrees of Worker Participation	Decision Format
Upper Level of Participation (Control equal to Management) in: Decisions on strategic issues e.g. setting objectives for policy making	Decisions made jointly by management and worker representatives e.g. indirect participation at board level, works council or on joint decision-making committees. Most prevalent in collective bargaining and selected participation schemes	Codetermination (largely bilateral)
Middle-Level Participation (Moderate Control) in: Decisions on administrative issues e.g. plant-wide work arrangements, resource provision etc.	Workers initiate criticisms and make suggestions that are discussed with management. Management reserves the right to make the final decision but undertakes to provide workers with relevant information before such decisions are made	Consultation/Co-influence
Lower Level of Participation (Least Control) in: Decisions on operating procedures e.g. production, cost, quality control, supervision etc.	Information is transmitted to and from management personnel. Workers are informed of management decisions and the reasons for them. Management either meets directly with labour, or supervisors channel information to and from upper management	Information/Communication (largely unilateral by mgmt.)

SOURCE: I.D.E. International Research Group, Industrial Democracy in Europe, Clarendon Press, Oxford: 1981, pp. 53-54; see also: Bernstein, P. Workplace Democratization: Its Internal Dynamics, The Comparative Research Institute, Kent State Univ. Press: 1976, pp. 47-61. Compiled by the author with some modifications.

Power and Conflict

The decision-making literature is somewhat ambiguous in making a distinction between 'influence' and 'power'. We will assume that in bargaining over the allocation of scarce resources there are situations where party B changes its goals as a result of party A's influence. As well, there are situations where party B retains its objectives but 'loses out' and A's goals prevail. In the first instance, A *influences* B by making it 'change its mind'; whereas, in the second instance, party A has *power* over B to the extent that it can get out of bargaining what it wants in the face of B's opposition. It is also possible to imagine situations where influence and power interact in complex ways, as B can anticipate that it is 'no good resisting A' and so change its goals to save face; or A and B can collude such that A gets its way on one issue and B on another. From a strictly analytic perspective, it may therefore be justified to argue that 'power' is a form of influence which includes the ability to sanction the behaviour of the other party via rewards or punishment (coercion). Thus, while 'influence' represents a form of suasion, 'power' represents aspects of control over the other party (cf Bierstedt, 1950:738; Emerson, 1962:32; Abell, 1975:15-16; Rubin and Brown, 1975:262: Salancik and Pfeffer, 1977:3). However, we will throughout this study adopt Abell's (1975:18) view that the exercise of influence and power in bargaining over resource distribution tends to be intermingled. We believe that this approach meets the exigencies present in union-management bargaining reasonably well.

There are few studies relating the exercise of power (as a cause) to the occurrence of conflict in a decision situation. A notable exception to this state of affairs are two theoretical contributions (Pfeffer, 1981; Korpi, 1974) and a cross-national empirical study (I.D.E., 1981).

Pfeffer (1981:68-70) assumes the presence of several conditions for power and conflict to occur. He describes the first condition as 'inter-dependence', a situation in which what happens to one actor affects what happens to others, which is quite in keeping with our interactive approach to decision-making (see also Rubin and Brown, 1975:3). The second condition cited by this author is 'heterogeneous goals', or the incompatibility of goals which two actors have. The third condition is 'scarcity', i.e. the greater the scarcity of a resource when compared to the demand for it, the greater the power and effort that will be expended in resolving the decision. Pfeffer (1981:70) assumes further that, when taken together, the conditions of scarcity, interdependence and goal incompatibility produce conflict. Whether that conflict surfaces depends, in Pfeffer's (1981) view, upon two other conditions. One of these is the distribution of power in the organization, and the other the importance of the decision issue (or the resource).

In extending Pfeffer's (1981) formulation, we wish to note that Nightingale (1982:20), in his Canadian study of hierarchical and democratic organizations mentioned in the previous section, defined the power one party exercises over another in terms of four dimensions: (1) *degree*, the extent to which one party influences another party; (2) *domain*, each party is subject to the influence of another party: (3) *scope*, the issues or behaviours subject to influence; and (4) *source*, the bases on which the influence of one party over another rests. Significantly, the two conditions required for conflict to result from the exercise of power given by Pfeffer (1981:70), namely how power is distributed (or shared) and the importance of the decision issue, complement Nightingale's (1982:20) "degree" of power as well as the scope of power. Nightingale (1982) did not, however, identify the rather important theoretical relationship.

Korpi (1974:1570-74) regards differences in resource-based power between contending parties as the central independent variable in a bargaining exchange. Goal attainment, the expectancy of success (in having a preferred outcome included in the decision-rule), and relative resource deprivation (the difference between the level of aspiration and the actual results of a bargaining exchange) are introduced as intervening variables to reflect the effects of changes in relative bargaining power between the parties to the probability of conflict between them. In this context, resource-based power is a property of a party which provides the ability to punish or reward the other party.

We will assume that conflicting interests are a byproduct of the bargaining process and represent an incompatibility of goals in setting decision-rules about how resources ought to be most appropriately distributed. From this we may infer that the structure and processes of decision systems in organiza-

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tions are substantially shaped by historical events and conflicting interests over resource distribution, or the degree of power that has been shared by both parties to reach at least a mutually 'satisficing' solution to a decision. Again, this is in keeping with Cox's (1977) remark that conflict and structural transformation are the pivotal points forging social relations in production.

A related theoretical question is under what conditions participation actually reduces power differences in decision-making. Here, the work of Mulder (1971) is directly relevant to our study. Mulder (1971:31-38) conducted a series of laboratory experiments in order to determine whether participatory efforts really resulted in a reduction of power inequalities between employees and the management hierarchy. In the context of European works councils, this investigator found that participation increased the power difference between the two groups, that is, more participation enabled the more powerful (management) to use their influence more effectively. Mulder (1971:31-38) found that one major reason for these results was the general lack of motivation to participate in works council activities as a prerequisite for effective (power difference-reducing) participation. In addition, substantial differences in expertise between manager/specialists and employee representatives also contributed to this state of affairs.

Similar views on the participation-power-conflict relationship had already been expressed by earlier writers. Gamson (1966:71-81), for example, maintains that open channels of communication can encourage the expression of any existing tensions. If there is strain between the parties, participation in the decision-making process provides employees discontented with existing channels of communication with the opportunity to communicate grievances that otherwise might remain hidden. By contrast, Corwin (1969:509) notes that the more frequently subordinates participate in decision-making, the greater the likelihood for disagreement.

Mulder's (1971) and Corwin's (1969) findings also coincide with an observation made by Rex (1961:181-82), namely that, in the decision-making process, the stronger party will use its power to 'engineer consent', and to influence the weaker party to accept as legitimate the 'going rate of exchange' in the relationship. The result is that those stressing participation and those stressing efficiency in the organization have often remained at loggerheads, with the stronger party pressing for the accomplishment of its goals, while the other party complied as a result of weakness.

It seems, therefore, that such contests for power somehow contradict the concept of participation in that the use of 'uncontrolled' power by the more powerful is unacceptable to subordinate groups in the organization when, in fact, fully-fledged participation should be based on the equality of all participants. In this vein, Broekmeyer (1968:273), in his rather extensive study of workers' self-government in Yugoslavia, found the growth of a power elite. This small circle of the most competent and responsible people was not inclined to let others participate in its goal-directed efforts, and hence 'engineered consent' (to use Rex's phrase) on issues of direct concern to workers.

Very few empirical *comparative* studies exist in the literature on decision-making which relate the decision-making process to the occurrence of power and conflict. One relevant exception to this state of affairs is a large-scale international study of twelve countries which was undertaken by another cross-national group of social scientists several years ago (I.D.E., 1981). The countries investigated were: Yugoslavia, Italy, Norway, Sweden, Denmark, West Germany, Belgium, Finland, France, Holland, the U.K. and Israel. This research was designed to answer the question of whether different national participation schemes were, in one way or other, successful in redressing the balance of power in decision-making in favour of persons in subordinate roles in the organization. As well, the study attempted to address the deeper question concerning the distribution of 'power' and involvement which arises as a consequence of participation in decision-making.

The model used by these scholars assumed that the participative structure of an organization (formal, written-down, operative organizational rules, or law) affects both actual participation (influence by representative bodies and involvement of workers, or current practice) and outcomes including worker attitudes, aspirations, and actions which relate to participation. Moreover, this model allowed for a linkage of 'conflict' (conflicting interests) to the phenomenon of 'power' by testing two competing hypotheses. On the one hand, it has been suggested that increasing the level of participation will decrease the level of conflict. The idea here is that participation will increase the comprehension of problems confronting an organization, and in this manner reduce conflict (Batstone and Davies, 1976). On the other hand, it has also been suggested by Mulder (1977) that precisely the reverse is likely to occur. Increasing participation could bring into the open conflicts which were previously latent (see also Bachrach and Baratz, 1970).

The I.D.E. (1981:29) group defines power "as the degree to which a group (or individual) can determine the outcome of decisions (of a specified scope) which generate conflict". The term 'conflict' is simply treated as disagreement or competing interests two parties may have over certain decision issues. No explanatory comments on the conditions for the occurrence of conflict or its sources are given. Methodologically, the authors adopted a combination of two measurement approaches to power, namely the *reputational approach* and the *decision-making approach* to power. The basic idea behind the reputational approach is the assumption that individuals within a system can readily estimate both their own or other agents' power. Thus, merely by asking about the level or degree of power, it is assumed that we can obtain valid and reliable measures of the concept. The decision-making approach to power assumes that power is based on an individual's or group's set of preferred outcomes on a given issue and the degree to which these outcomes are incorporated in the decision.

Briefly, the study found that Yugoslavia has the most formal structure for rule-making in participation, followed by Italy, then Norway, Sweden, West Germany, Belgium, Finland, France, Holland, the U.K. and Israel. For most countries (excluding Israel, Finland and Yugoslavia), law is the most important formal base of participation. However, within countries, formal participative arrangements for different groups in the enterprise have different bases. In terms of the distribution of influence, Yugoslavian workers had little influence, while representative bodies had little to moderate influence. Hierarchy was the main determinant of influence, and the findings indicate that participation is chiefly conditioned by the institutional, legal set-up of the organization rather than determined by technological, or economic factors.

This evidence discounts the 'decrease of conflict assumption' but points to a modified version of the 'increased conflict assumption' put forth by Mulder (1977). The more strategic the decision, that is, the more its scope includes the enterprise as a whole, the more likely it is to generate conflict ('disagreement'). Further evidence found by the I.D.E. (1981) group indicates that increased influence of representative bodies brings conflict out into the open whereas strong 'traditional management' tends to reduce conflict. Increasing the direct involvement of workers appears to have no discernible effect on levels of conflict.

Individual involvement was distributed in a similar way to group influence. Hierarchical level was the main determinant of levels of involvement. The total amount of involvement for workers was relatively low. They were largely involved in short-term decisions and least involved in long-term decisions. Country was an important predictor of actual involvement. The involvement of workers was primarily based on: institutional norms, leadership styles for short-term decisions, the influence of workers, and economic sector.

In terms of the outcomes of participative efforts, employees were more positive about representative bodies in those countries where formal regulations provide the bodies with relatively greater powers. Within countries, attitudes were most positive in those organizations where the actual influence of representative bodies was greatest. So far as attitudes relating to individual involvement were concerned, the important differentiating variables were hierarchical level, union membership and membership (past and present) in a representative body.

Summary and Conclusions

Clearly, there appears to be a paucity of *comparative empirical work* on country context, bargaining structure, management control and strategy, and the power-conflict relationship which incorporates Canada. For this reason, we must be content with taking the surveys examined as a point of departure for this study. The literature discussed contains, however, elements which can contribute to a theoretical perspective for systematically analyzing various participation schemes in Canada and West Germany both at the macro and micro levels.

One element in developing such perspective is Dunlop's (1958) conception of industrial relations as an open social sub-system, and his notion concerning the operation of formal rules governing the production system (making of agreements, statutes, awards, regulations, etc.) is useful for our present purpose. We conclude that, with the modifications made by later authors (Craig, 1967; Hameed, 1975; Anderson and Gunderson, 1982), Dunlop's (1958) model allows for an examination of participative endeavours at both the macro (societal) and micro (business organization) levels. We will, therefore, retain these ideas for developing our participation model.

At the macro level, the explanatory status of the 'country context' variables in relation to devices of power-sharing in business decisions (participation) that takes place in various countries is immediately apparent. More especially, it is the historical development of political, social, and economic institutions and the legal statutes legitimizing them which will be one of our more central concerns (Dore, 1973; and Gallie, 1978). We conclude from Dore's (1973) study that any in-depth examination of employment practices should preferably proceed at different levels of analysis to become consistent and more systematic. As well, Gallie's (1978) suggestion that the crucial variables mediating between cultural norms and the response of workers to the overall work situation are represented by managerial policies and the modes of trade union action is of interest to us.

Equally important to a better understanding of how participation schemes operate in certain countries are the ways in which employers have organized the accumulation and investment of capital as well as the economic and political contexts in which this occurs. As Maurice and Sellier (1979) have noted, this factor in combination with a country's timing and pattern of industrialization, has a significant impact of how the working class is organized. It will also affect the position the business firm will occupy in the society, the respect of workers for managerial functions, employer recognition of unions, and the status of workers in the enterprise. We conclude from these authors' investigation that these factors have also a bearing on the degree to which conflicts of interest at the workplace are regulated.

The importance of labour and product markets as well as new technologies for the firm to stay competitive as having a substantial impact on organizational decision structure has been mentioned by several authors (cf Chandler, 1977; Friedman, 1977; Gospel and Littler, 1983). We conclude from these scholars' findings that the decision structure in the firm might become highly centralized or decentralized in response to product markets, requiring effective and speedy delivery of goods. Similarly, management decision-making might be autocratic in times of labour surplus and more participative when labour's services are badly needed. Moreover, new technologies replacing workers with automated equipment might result in severe conflicts of interest, worker hardship and mass layoffs. Clearly, the success of participative management is put in jeopardy under such conditions.

At the micro level of analysis, the impact of situational factors, such as management policies, union influence, and worker objectives in the firm on decision-making and the distribution of power in organizations has been noted in most of the studies we have reviewed. Hence, any historical analysis of participation is squarely confronted with the macro-micro linkage which, until very recently, has been a somewhat neglected area of theory and empirical study (Pugh and Phesey, 1968; Reiman, 1973; Leavitt et al., 1974; Heller, 1976). We must, therefore accommodate this aspect in developing our model of participation.

The Tannenbaum group's (1974) examination of the moderating effects of hierarchy (levels of the decision structure) on the worker's role in the organization stresses (although implicitly) the importance of worker autonomy (allowance for the full use of knowledge and skills) over the decision cycle, which they measured in terms of discrepancies between ideal and actual levels of participation. In the same vein, this group also emphasized the motivational aspect, namely whether or not workers desire to move up the hierarchy of authority. This leaves room for the assumption that weak autonomy over the decision cycle increases the motivation of workers to participate and vice versa; hence, autonomy may, under certain circumstances, become a motivator by itself. However, as Gospel and Littler (1983) have noted, motivation to participate is likely to be conditioned as well by the workers' objectives in the organization as these affect the decision process. Useful to our present purpose is also these authors' conclusion that worker motivation to participate depends on whether the value systems guiding employer strategies contain an individual-capitalist flavour (such as in the United States) or a nationalist authoritarian paternalism (such as in the Federal Republic of Germany).

These findings, when combined with one of the results obtained by the I.D.E. group (1981), namely that participation may lead to moderate increases in conflict rather than the obverse (especially when decision rules are strategic), strongly imply that the issue being decided is an important element in participative decision-making. The latter, too, so it seems, determines to some degree a worker's autonomy over the decision cycle in that control of strategic issues provides greater scope to participatory involvement.

The importance of the decision structure that is accommodated by the management hierarchy rather than the influence of economic and technological factors in relation to what kind of participation is likely to occur has also been amply stressed by the I.D.E. group (1981). We conclude that this structure determines the access points for worker participation, and sets the limits for resource bargaining between management and workers that can occur in the organization. Also, it is synonymous with the 'bargaining structure' concept used in unionized contexts.

The North American literature, it seems, has applied the concept of 'bargaining structure' exclusively to union-management relations, but we see no reason why it can not be applied to the non-unionized sector as well. This is important in the Federal Republic of Germany, for example, where non-unionized firms with over five employees may have a works council as a structure for bargaining with the employer under the co-determination laws. Moreover, the prime focus of our inquiry must be an examination of the operating structures and processes in existing participation schemes in both Canada and the Federal Republic of Germany.

The D.I.O group's (1979:301) acceptance of Abell's (1975) view that decision-making is a device for the distribution of organizational power and influence, rather than a means for problem-solving and choice behaviour, is also central to an analytic model of participation. It is linked to Elden's (1981:51) important distinction between work humanization and work democratization. The former refers to pleasing workers and obtaining their commitment to management's views via joint problem-solving while the latter refers to genuine power-sharing in resource distribution. This assertion assumes further that the substance of the decision (to resolve/not resolve the problem or postpone its resolution) has been either agreed upon by both parties or simply been imposed by management. In this case, any conflict resulting from perceived goal and/or preference incompatibility is not likely to occur. From this we conclude that 'true' participation (when defined as power-sharing in the decision process) may necessarily involve the possibility of conflict, as without it the distribution of power is accomplished merely by the weaker party's acquiescence. Our conclusion appears to be consistent also with the I.D.E.'s (1981:29) definition of power "as the degree to which people can determine the outcome of decisions which generate conflict". Unfortunately, the I.D.E. (1981) research does not identify some of the conditions under which conflict is likely to become manifest.

The D.I.O. (1979) group's concept of choice behaviour is also useful in that it juxtaposes the rational model of decision-making where one person has to make a feasible choice from a range of alternatives to an interactive model of the decision process where decisions are arrived at through interaction with other agents in an organizational setting (Heller, 1976:692).

The variations in influence over the decision cycle discovered in the D.I.O. (1979:301) study represent another building block for our model of participation. They permit a more precise analysis of participation schemes in terms of the *degree* of participation that is allowed at different stages of the decision cycle and at particular decision levels. As well, the existence of variations in formal rules, policies, regulations, or influence backed by statute - all of which become consolidated into status power for managers and workers - is quite relevant to the present study. This provides insights into the constraints which managerial policies and/or legal norms may impose on organizational decision-making.

Finally, Pfeffer's (1981) view that the origins of conflict between management and workers can be found in the distribution of power and the importance of the decision issue (or the resource) is a useful element for developing an enterprise power relations model of participation. In combination with Korpi's (1974) assertion that the difference between the level of worker expectations and the actual results of a bargaining exchange significantly influences the occurrence of conflict, Pfeffer (1981) has contributed to an improved understanding of the decision process.

CHAPTER 3

THEORETICAL FRAMEWORK

The Synthesis

Our review of the comparative empirical literature and selected writings has provided us with some useful elements which will represent the major substantive parts of our decision power-sharing model of participation. Admittedly, these studies have tested a number of different assumptions which have resulted from different perspectives of the participation process. However, as we shall see, most of the results obtained from this research are, to some extent, complementary, and can be synthesized into a model of participation that meets the requirements of a macro-micro comparative historical analysis.

Environmental Factors

At the macro level, an area of research important for this study is how historical and environmental conditions have shaped participation arrangements at the enterprise level. Both industrial relations and labour process studies have certainly stressed the influence of the legal, economic, political and socio-cultural environments on participation. However, the majority of these efforts have not adequately dealt with the issue as to how these influences originated and how their summary force (or interaction) has affected present workplace relations in Canada and the Federal Republic of Germany.

A useful macro-level analytic scheme which allows us to show the more precise relationship between environmental factors and the various participation structures in a given country is Anderson and Gunderson's (1982:6-8) modified version of the industrial relations system concept. This scheme is based on earlier models developed by Craig (1967) and Hameed (1975:14-16), and recognizes that industrial relations is not an isolated subsystem. Rather it is an open social subsystem in which the operation of the legal, economic, political and socio-cultural institutions of the society substantially influence the behaviour of individuals and groups, their interactions and the outputs of the system. The Anderson and Gunderson (1982) framework also recognizes that the outputs of the system are a direct result of the whole range of unilateral/bilateral decision-making which occurs in daily labour-management encounters at the shop-floor, enterprise, industry, or national level. Moreover, the outputs produced at one level will inevitably influence those produced at another. Likewise, outputs resulting at one particular point in time at one level (shop-floor, enterprise, industry, etc.) may become inputs for another level or for another time period. This shows the essentially interactive and dynamic character of these authors' model (Anderson and Gunderson, 1982:6-8).

The *legal environment* is an important independent variable in this study, as legislation not only defines the nature of the participation schemes we propose to analyse but also establishes upper and lower bounds to the outcomes of such participatory endeavours. In Canada, for example, labour relations board decisions and court rulings based on case law exercise a significant impact on workplace relations. In some European countries, law is the most important formal base of participation. However, within countries, formal participative arrangements for different groups in the enterprise have different bases (I.D.E., 1981). This also applies to the Federal Republic of Germany where a complex legal system, in the form of the co-determination laws, (more or less effectively) sets minimum standards for the general operation of worker participation in management decisions.

In Canada, participatory arrangements are strictly voluntary and established as incentives for enhancing productivity, quality control, team work, reduction of absenteeism, etc. and, on occasion, as devices for preventing unionization. It is important to examine the extent to which public policy in the form of federal and provincial government support for such schemes has historically been forthcoming. Moreover, we wish to know the effects of public policy on worker control over management decisions as it affects everyday work experience and opportunities to improve working conditions.

Economic conditions have a significant role to play in determining labour-management relations, as they cause fluctuations in the labour and product markets (Maurice and Sellier, 1979; Gospel and Littler, 1983). In so doing, they set limits to wages and working conditions in resource bargaining between the parties. Earlier writers (Rees, 1954:213-220; Kerr, 1955:10-18) have long recognized that a recession climate, for example, is likely to have serious effects on employer willingness to permit worker participation in strategic decisions.

In Canada, recent conflicts between employers and workers resulting from the structural transformation of the working class through the economic crisis of the 1970's and the introduction of new technologies have been experienced in several economic sectors. One example is the substantial capital investment into new technologies and equipment by Canadian-based multi-national corporations in the mining industry. This has eroded the base for heavy manual labour and craft skills and substituted it with machine operations and equipment programmed to perform pre-designed tasks. Clearly, such strategy by management has minimized worker control over jobs to a substantial degree. Moreover, such measures put employers into a position to increase the wages of those workers not affected by the changes and still on the payroll following group layoffs (Clement, 1984:55). In the British Columbia forest industry, the logging sector and saw- and pulpmill operations have undergone mechanization programs in the past decade (Marchak, 1984:60). Similar developments occurred in Canada's postal service during 1979 when the federal government introduced computerized mail reading and sorting equipment, resulting in a five-week strike in 1975 and sporadic work stoppages in 1977 (MacFarlane, 1984:88).

In Europe, economic conditions and the impact of new technologies shifted the relative bargaining power between workers and employers in favour of the corporations in similar ways. This has also been particularly problematic for European unions because job losses owing to technological change have been occurring in sectors of traditional union strength, including coal mining, steel manufacturing, shipbuilding, electrical construction, etc. (Rojot, 1985:348)

In both countries, the long-term prospects of these developments include widespread unemployment, steady decreases in labour control over work pace and other working conditions, higher productivity levels and often skill debasement. Consequently, this transformation of the labour market and its attendant conflicts of interest has had a substantial influence on employer decision strategies and the means whereby organizational resources are distributed via worker participation. One might, therefore, speculate that participation schemes operating in the two countries will be largely employer initiated and controlled.

Government inflation policies restricting the extent of increases in total compensation (wages and fringe benefits) such as, for example, the Anti-Inflation law of October 1975 in Canada, may further compound the problem. In combination with new technologies to meet foreign competition and to rationalize the production process, all of these factors impose considerable pressure on the labour-management relationship in achieving objectives that may not always be mutually desirable.

The *political environment*, that is, the industrial relations orientation and ideologies of the political party in power or in opposition may exercise a significant influence on what progressive labour and employment-related legislation is introduced. This is especially so in countries where labour has historically received increasing recognition as an economic and social partner in the social system (such as in Germany, Sweden, Israel and some other countries).

In Canada, for example, the party system at the federal level has been dominated by the Conservative and Liberal parties. As well, the Canadian political system has historically had less direct impact on the labour-management relationship, although the NDP has on occasion held the balance of power. Consequently, both Liberals and Conservatives have been more receptive toward labour-oriented NDP policies (Anderson and Gunderson, 1982:11). In the Federal Republic of Germany, the political environment has often had a more direct impact on labour-management relations. For example, the Social-Democrat (SPD)-Liberal (FDP) coalition was able-to produce the Works Constitution Act of 1972 which introduced significant, though subtle, changes in the co-determination relationship among employees, unions and management (Thimm, 1980:93).

Several scholars have stressed the impact of *socio-cultural variables* on the interpersonal aspects of management. Richman (1965:292-308), for example, has identified a number of sociological and educational constraints on management practice. Such constraints include views toward business organizations and its managers; views toward authority and subordinates; views toward risk-taking and change (see also Hofstede, 1980:314-317); views toward education (higher education, management training programs not run by business firms, vocational and technical training etc.); and the interaction among business firms, labour unions, government agencies, and educational institutions - to name a few.

The timing and pattern of a country's industrialization and treatment of occupational skills by enterprise management have been mentioned by Maurice and Sellier (1979:325,334-5). The importance of social and familial practices in influencing occupational careers vis-a-vis current job demands has been emphasized by Dore (1973:281-283) as having an impact on managerial and worker business ideologies. The effects of worker demographic characteristics and changes in the composition of the labour force on the general attitude toward trade unions and on the tenor of collective bargaining have been noted by Anderson and Gunderson (1982). Webber (1977:54) has summarized the impact of such cultural influences on management ideologies as follows:

> ...cultural factors will exert a strong and differentiating influence upon managerial philosophy and practice: less on technological and production decision, less on the relations of man and job, less in the firm's relationship to its customers and society; but more on the methods of motivation, patterns of communication and styles of leadership.

The impact of these explanatory environmental variables on managerial and union ideologies and employment practices is more direct in the case of some than it is in the case of others. For example, the effects of statutory regulations and recession periods on business policies are rather direct whereas the impact of political and socio-cultural factors will be more indirect. Also, the dynamic nature of these environments in which participation schemes are embedded will cause them to be interdependent to some degree.

Influences from outside the society may, as Hameed (1975:15-16) has noted, also affect the industrial relations system of a particular country. Countries are no longer closed because of national boundaries; there are inflows and outflows of raw materials, finished goods, short-term and long-term capital, technical assistance, and scientific, legal and social innovations. In the area of participation in management, the concept of the quality circle, for example (originally an U.S. innovation) has been 'imported' by Japanese industry with resounding success, and subsequently been adopted by Canada, West Germany and other countries. Canada has received both financial and organizational assistance from the United States in the formation and development of its international unions etc. Representatives of the Alberta Department of Labour recently (late 1986) travelled to six countries to study their industrial relations systems with a view to determining ways in which Alberta labour relations can benefit from the experience of these countries.

In West Germany, for example, the neo-corporatist tendencies of worker and employers' organizations and their cooperation with the government's political and economic aims is a good example how these environments interact to transform and structure today's workplace relations. In Canada, the increasing use of back-to-work legislation and court injunctions since the mid-1970's, and the establishment of the Anti-Inflation Board in 1975 is another example. As already noted, such transformations are due to shifts in the relative bargaining power between workers and the business establishment which have occurred since that time.

Power Relations in the Firm

At the micro level, our examination of the various participation schemes in the two countries must be guided by three basic considerations often neglected by the literature on participation: First, employers own and distribute resources, and the decision-making process is hence weighted in their favour to begin with. Second, the recent recession and keen foreign competition add further weight to management restraint strategies. Can workers really be convinced that the rationalization and downsizing programs initiated by management in response to such conditions warrant genuine worker participation in resource distribution? This appears to be doubtful. Third, government intervention in bringing about work reforms, such as quality-of-working life projects, quality circles, joint labour-management committees etc. add, as we shall see, still further weight to the position of employers. In combination with employer power over resource distribution, such government intervention tends to co-opt labour into accommodating employer interests for survival. As Elden (1981:51) has noted, there is an important difference between pleasing workers via so-called 'work humanization' projects and empowering them via 'workplace democracy'.

While the proponents of participation claim that many operating participation efforts have brought about a better understanding of issues that are of mutual concern to the parties, such improvements in labour-management communication represent, after all, only good management practice. Central to the present study, however, is that the majority of participation schemes to be discussed in later chapters hold important advantages for management's control over the enterprise decision cycle. The key question at the micro level of analysis then becomes this: if the economic crisis and prolonged recession in Canada and the Federal Republic of Germany have had and still have many adverse consequences for working people, what decision-making powers does the workplace of today actually hold in store for them? To answer this question, we must begin with a precise definition of worker decision-making power.

As we have seen, participative or bargaining structures of organizations substantially affect worker propensity to participate in management decisions, and may be formally legitimated by statute, contractual arrangements or management policy (or a combination of these). Whatever forms of legitimation come into play in an organization, however, their combined effect on the degree of autonomy over the management decision cycle that is granted workers at various levels of the management decision structure is central to our argument. In this context, Walker (1968) defines 'autonomy' as the relative absence of dependence on external institutions or other environmental constraints that is experienced by labour and management within a firm introducing participative arrangements (see also Loveridge, 1980:301). In this study, we will thus define *worker* autonomy as the relative absence of dependence on environmental constraints, legal statutes, and specific management policies on the conduct on participation that is experienced by labour in firms introducing a participation scheme[1]. Therefore, worker autonomy becomes a significant process variable in our analytic scheme.

The variations in management control over the stages of the decision cycle noted by the D.I.O. (1979:301-302) group are likewise important indicators of the degree of worker autonomy. For example, what issues (or resources) including their range and scope (*inputs*) can workers bring to management's attention? What kind of worker involvement does management permit in making a decision (*rule-making*)? To what degree are workers involved in implementing the decision (*outputs*)?

Such variations are, in turn, influenced by the degree of ownership of the means of production, and the degree of management control such ownership permits. For example, an organization may be wholly owned by capital interests, may have employee-shared ownership, or may be completely owned by employees. But even in the cases of shared ownership and employee ownership, power relations between management and employees persist; however, they depend on the degree of control over resource distribution which is granted the manager-owners and employee-owners.

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[1] The importance of the concentration/dispersion of authority (as indicated by autonomy) to the decision process has also been emphasized by Inkson et al. (1970:318-329)

We have already stressed the point that the level in the management hierarchy of control at which the exercise of worker autonomy over the decision cycle is permitted is another element of organizational power relations. The higher the level in the management hierarchy workers are able to access, the more strategic (e.g., aimed at setting objectives for policy-making) their inputs are likely to be.

Worker motivation to participate in the decision process is difficult to measure, but may be approximated by at least two factors. One of these is the already noted importance of differences in (issue) expertise between management and workers. As noted in Chapter 2, Mulder (1971), in a series of experiments within the context of European works councils, found that differences in expertise between management and workers should not be too great for effective participation to occur. It seems that participation leads to the greater effective influence of the more powerful over the less powerful when the more powerful have greater expert power. This is often the case for managers and top specialists, whose expert power is greater than that of other organizational members. Already Inkeles (1966:265-283) mentioned many years ago that persons who come from rather uneducated groups have to expend an extraordinary amount of energy when they wish to contribute, by means of participation procedures, to decision-making which, up to very recently, has been reserved largely for the top levels in the organization. Therefore, if workers do not possess the level of expertise and knowledge required for effective participation, management's attempt to 'engineer consent', to use Rex's (1961) phrase, will achieve a greater measure of success. As already noted in our review of the literature, this is because less skilled workers are also less likely to desire involvement in enterprise affairs. In the same vein, Gardell (1977:515) found that participation is favoured by a design of jobs that allows for high autonomy and high demands on worker knowledge and skills.

Another factor conditioning motivation to participate appears to be the presence (or absence) of statutory requirements in a given country, which surface in the organization itself as a system of formalized rules, regulations and/or contracts. Significant in this respect are the findings of the I.D.E. (1981) international research group which makes an argument for de jure participation, e.g., regulating organizational decision structures by statute with respect to certain issues of concern to workers. As we shall see in later chapters, this is the case in the Federal Republic of Germany. Such legal requirements may or may not reduce the relative bargaining power between management and workers on these issues. In fact, they may even lower worker motivation for direct participation in the decision process, leaving worker involvement up to representative bodies.

All of these elements are interdependent parts of a definition of worker decision-making power.[2] We will define a situation in which working people have decision-making power as one in which: *(1) they can exercise a reasonable degree of autonomy over the work they perform; (2) they have ready access to the highest levels in the management decision structure; (3) statutory requirements and management policies are favourable to protecting workers' interests; (4) differences in issue expertise and job skills between workers and management are minimal; and (5) conflicts of interest in the decision process and industrial conflicts arising from incompatible goals relating to resource distribution are permitted by management and/or legal guidelines.*

The Participation Model

We have now identified and synthesized all the necessary building blocks to address the thesis problem. The picture which emerges is the following:

Our unit(s) of analysis are groups consisting of workers, first-line supervisors, and middle and top management personnel in actual participation schemes presently operating in firms in Canada and the Federal Republic of Germany. We prefer to use the word 'work group' as a generic concept, as it is intended to include individuals performing the same or similar functions regardless of their organized status. For example, in Canada these groups may consist of members belonging to certain bargaining units. By contrast, in the Federal Republic of Germany the 'negative coalition' right[3] ensures that no worker can be forced to join a union or pay its dues. This means that we can find members of work groups in West German firms some of whom are unionized while others are not.

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[2] In Chapter 2, we acknowledged that 'power' and 'influence' can be defined as separate analytic categories. As we noted, however, in union-management bargaining over resource distribution, there is likely to be some intermingling of influence and power. We have used the word 'power' here with this qualification in mind.

Unlike the analytical frameworks put forth by some authors, our fundamental assumption in this thesis is that a participation scheme is an organizational decision-system which is propelled by bargaining exchanges between two or more parties *holding varying degrees of power*. This bargaining exchange consists of the distribution (or sharing) of personal and resource-based power rather than solving only labour-management problems. Problems frequently arise from previous decisions that have failed to accomplish the desired goal, and problem-solving mechanisms are, therefore, designed to correct a departure from some expected norm.

Substantially influenced by historical events and the larger environmental factors, the main components of the enterprise power relations system are: (1) *individuals* and their status in the hierarchy of authority; (2) *organizational resources* which are exchanged, including monetary matters, promotions, working conditions, the ability to extend privileges and opportunities and apply punishments and rewards, control of task design and content, etc.; (3) *decisions* made by individuals or groups in the distribution of power; and (4) *conflicts* of interest which arise when the goals of the parties have become incompatible in achieving their self-interests. Here, we wish to distinguish between conflicts of interest and industrial conflict. The former occur in decisions on resource distribution while the latter manifest themselves in sanctions, such as work stoppages, boycotts, working-to-rule exercises etc.

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[3] The 'negative coalition' right refers to the fact that collective agreements are usually extended to cover non-unionized employees, as closed-shop arrangements are illegal.

Conflict may be the inevitable result of participatory efforts and must be allowed for in the decision process. In Hyman's (1975:185ff) words, "conflict and accommodation are two contradictory but inescapable aspects of a relationship which is *inherently* unstable". In practice this means that, as Hiller (1928:195,232) long ago recognized,

> Although industrial conflict is, for the most part, circumscribed by codes, it frequently relapses into forms of action no longer sanctioned by custom...[Thus there develops] a succession of hostility and equilibrium of forced peace...a cycle or temporal sequence of adjustments which varies in duration and degree of stabilization.

As already noted, the distribution of personal and resource-based power usually occurs in a cycle that consists of three basic steps: (1) identifying and presenting resource-based issues for decision - *input stage*; (2) deciding on the issues, or setting the decision rule. Here, it is important to be aware of the decision format used by organizations in permitting participation. These formats vary between unilateral decisions by management and bi-lateral co-determination frameworks (see Figure 1 in Chapter 2) - *throughput* or 'conversion' stage; and (3) implementing the decisions made. These decisions may result in possible shifts in relative bargaining power between the parties; access to more (or less) enterprise resources; satisfaction/dissatisfaction with management or union policy on productivity, working conditions, worker autonomy etc.; or sanctions in the form of industrial conflict (alreday noted) - *output stage*. The results of the implementation process are then evaluated in terms of their impact on those affected by it in terms of the goals they are meant to accomplish. This information is subsequently used as input for a new cycle of decision-making.

These components of power relations between the parties will operate at any level of participation (shop-floor, plant, company, region, national context etc.). In this context, we have mentioned the output stage of the decision cycle only for the sake of logical completion, as this study will be confined to examining the impact of environmental factors on the way decisions are arrived at by the parties.

The key concept in the decision cycle is the determination of the decision rule which is tantamount to establishing what Korpi (1974:1571) has called the 'going rate of exchange'. It matters greatly whether this rate of exchange (or decision rule) is established unilaterally by management, in consultative fashion, or via joint decision-making. Ideally, this should be resolved by majority vote in order to have a power balance in the decision-making process, and hence "true" participation. However, the vast majority of decision situations are hardly ever 'ideal' in this sense, in that, as Fisher, Bourgeois and Purdy (1986)[4] have noted, uncertainty critically influences bargaining exchanges. Each party normally possesses very imperfect information about the other side, including its expectations, preferences, priorities, and reactions to offers made by the other party.

Again, the distinction between problem-solving and decision-making on resource-based issues cannot be stressed enough for two reasons: First, it helps us to set boundaries within which participation in decision-making can take place. Second, it defines more succinctly those conditions that have conflict potential. In problem-solving situations, a correct solution to the problem(s) must be found. Usually, the parties have identified the problem jointly, and agreed on a goal to be achieved that represents the solution. In a decision situation, the resource and its distribution are still the substance of decision-making, and there is no "correct" solution. Rather the parties must explore potential alternatives and select a course of action in keeping with common terms of reference. Conflict resolution (or management), in this sense, represents some kind of decision situation where both parties must, prior to the search for alternative courses of action, remedy their goal incompatibility, and establish common terms of reference.

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[4] For greater detail on the factors which influence bargainig exchanges under uncertainty see: Fisher, E.G., Bourgeois, G. and Purdy, M. "A Decision Framework for Labour Negotiations under Uncertainty", University of Alberta, Edmonton, December, 1986. Paper submitted to Second Columbia University Conference on Behavioural Research in Industrial Relations, New York - May, 1987.

All resource-based power thus implies a degree of autonomy over the distribution of resources in a decision situation. We will here assume that such autonomy over the decision cycle is a function of the range and scope of issues workers are able to address in a bargaining exchange as well as the ratio of decision rules made by workers and those imposed by management.

In concluding, we wish to apply this conceptual framework to the analysis of participation schemes operating in Canada and the Federal Republic of Germany as follows: First, a review of historical developments in both countries in Chapter 4 will show how certain environmental conditions have emerged over time, and how they have generally affected workplace relations in both countries. Second, a critical analysis of actual participation schemes using all the components of the power relations paradigm will be done in Chapters 6 to 12. This analysis will link the decision-making process and the power relations it involves in a given firm to the impact of environmental factors. Finally, participation schemes which include worker participation in decisions on resource-based issues and those representing largely problem-solving exercises will be highlighted.

PART II: PARTICIPATION SCHEMES IN CANADA AND THE FEDERAL REPUBLIC OF GERMANY

CHAPTER 4

HISTORICAL DEVELOPMENTS

The Roots of Participation

Workplace innovations such as participation in management decisions must be examined from an historical, developmental perspective. The purpose of this chapter is to compare and contrast Canada's experience with participation and that of the Federal Republic of Germany. We propose to do this by providing an account of the historical roots of participation, its gradual institutionalization, and recent developments in both countries.

In North America, an early attempt at having workers participate in the decision-making process was the "factory committee" which was introduced in 1904 by the Nernst Lamp Company in Pittsburgh (LG, Dec. 1919; Nelson, 1975). Other early participation schemes based on the concept of joint committees (the Rockefeller plan) were implemented by Imperial Oil, and in 1914 by the Colorado Fuel and Iron Company (MLR, Dec.1915; Rockefeller, 1916).

A plan pioneered by John Leitch at the Packard Piano Company in 1912 consisted of organizing personnel in a factory setting along the lines of the United States Government (LG, March, 1921). The "cabinet" consisted of the executive officers of the company, the "senate" was elected from among middle management department heads, and the "house of representatives" was elected by secret ballot by the whole body of workers. The participants in this scheme, however, found in practice that the plan had to be modified before it could operate successfully (Nelson, 1982).

In Canada, the emergence of worker participation in management decisions has been greatly affected by economic and social developments during World War I and the immediate postwar years. Unionism and industrial conflict underwent a particularly intense cycle of growth and decline during World War I with coal mining being the industry most affected by strikes, though not to the degree experienced in preceding years. As Jamieson (1973) has noted, most significant to Canadian industrial relations at that time was the establishment of unions and participation in strike action among workers in other industries and trades which, up to this point in time, had remained largely unorganized.

Much like in the U.K., Europe and the U.S.A, one of the most important factors at the root of mounting labour unrest during World War I and the immediate postwar years was the inflationary spiral, accompanied by lagging wages in many industries. These developments reached a dramatic climax in the Winnipeg General Strike of 1919 and had a strong and lasting effect on Canadian industrial relations and political life (Phillips, 1967; Jamieson, 1973).

Rapidly rising prices, widespread suspicion of wartime profiteering and mounting labour unrest brought the federal government increasingly into areas normally under provincial jurisdiction. The growing power of the federal government along with the passage of emergency wartime legislation, which large minorities in the ranks of organized labour thought to be unduly restrictive, appear to have been other factors contributing to widespread agitation and conflict on the industrial relations scene (Jamieson, 1973). The formation of the rather short-lived OBU (One Big Union) movement in Western Canada (1919), for example, was a response to the use of restrictive government policies, increased federal government powers and hostile employer attitudes toward labour (Masters, 1950; McNaught, 1963).

Employers' attitudes toward labour were based on a reluctance to relinquish what they considered to be an important principle for maintaining corporate efficiency, namely *the absolute right to manage*. Consequently, labour's attempt at gaining equality in labour-management relations was regarded by business entrepreneurs (either genuinely, or by pretext) as an open attack on basic business principles. They, therefore, sought to safeguard this principle by lending strong support to the traditional labour lobby system then a common arbitration device (Phillips, 1967; Fricke, 1970).

With government industrial relations policy being designed to stem the tide of labour conflict during the period of reconstruction, and Canadian business contemplating the outstanding opportunities in the immediate postwar years, the only reasonable alternative for the government-business alliance to secure labour peace and industrial efficiency was to have workers participate in decisions affecting their everyday working life.

This state of affairs induced, as noted by Clark (1939), a group of entrepreneurs (often large companies), usually subsidiaries of foreign firms, to take the lead in setting up industrial councils at the end of World War I, undoubtedly as part of an anti-union strategy. Another group of businesses (often smaller in size), oriented toward domestic markets and maintaining a conservative stance in labour-management policies, were less fully devoted to the idea of labour participation in decision-making but recognized the practical benefits of the rhetoric and forms of co-operation. This was especially the case when these companies were actually confronted with labour unrest between 1918 and 1920 (Scott, 1976).

The most elaborate industrial councils were established in multi-plant companies, such as Imperial Oil, International Harvester, and Massey-Harris. Yet, these were merely the most visible and long-lasting manifestations of a movement which prompted reforms (in different degrees of formality) in a wide range of companies (LG, May 1919).

Formal industrial councils in Canada had two major sources, one in Britain and the other in the United States. The British model was represented by the Whitley councils. These were formed in a number of British industries at national, regional and company levels after 1917 on the advice of a subcommittee of the Reconstruction Committee of the United Kingdom. These councils consisted of representatives of employers and workers in equal numbers, and met at regular intervals to discuss all matters relating to problems in industry and those bearing directly on the labour-management interface. The representation within the councils was based on employer associations and on trade unions (Canada, 1919 and 1921).

The incorporation of organized unions into the council structure appeared to be the major difference between the British Whitley Councils and the American representation plan. The American type of council was developed largely by MacKenzie King in his work for the Rockefeller family during the Colorado coal strike in 1914. While industrial councils based on the Whitley model were, to a degree, adopted by a few Canadian industries (especially in the construction area), Canadian business largely opted for the Rockefeller-King type of labour-management co-operation. This form of participation allowed labour relations to be moulded on a plant-by-plant basis (King, 1973).

In February 1921, the Federal Department of Labour published a report in the *Labour Gazette* which made the only official estimate of the number of Canadian workers belonging to some sort of industrial council: 145,000 as of July 1920 (Canada, 1921). The only other estimate was made by Stark (1928) who set this number closer to 200,000 in 1920.

The establishment of joint councils in industry and Works Committees was based upon a recommendation by the Royal Commission on Industrial Relations in 1919. The Dominion Government was urged to "interest itself in the development of these councils, and it was further encouraged to establish a bureau under the Minister of Labour which would compile all available statistics on this subject...maintain officers who would be available to give assistance and act as liaison officers between employer and workers where desire is expressed to create such councils, and render such other assistance as may be required" (LG, Feb. 1921).

The issues dealt with by these councils included wages, working conditions, apprentice regulations, education, work methods, quality control, group insurance, health matters, promotion, safety, and even recreation. The structure of a particular council consisted of a number of standing committees. The latter discussed major subject areas, but the council structure also accommodated a number of sub-committees on specific concerns which disbanded following their report to the council (LG, Feb. 1921). During 1921, such councils were in operation at the Bell Telephone Co. Ltd., Imperial Oil Ltd., International Harvester Co. of Canada, Kerr Lake Mining Co., The Manitoba Bridge & Iron Works Ltd., Massey Harris Co. Ltd., and other larger companies. Although the anti-union nature and use of the industrial councils was widely acknowledged, the purpose of the councils was always more than the simple rejection of unions. In addition to dispelling discontent by settling grievances in an efficient manner, industry expected the councils to improve productivity by instilling in workers a spirit of loyalty to, and identification with, their firm. It appears that these goals were not incompatible with that of avoiding union organization from the perspective of most business organizations. Nevertheless, we may assume that the various councils helped to achieve a decade of relative labour peace, holding off the spectre of union organization, ironing out grievances, and inspiring enthusiasm at least among some employees (Scott, 1976). Also, the councils stressed the difference between topics that were suitable for discussion (especially safety and productivity) and topics that remained an area of irreconcilable conflict, such as wages and conditions of employment which have become central to the adversarial system of collective bargaining.

As some writers have noted (Wood, 1931; Nadworny, 1955), the industrial councils were both rivals and examples to the unions which struggled for recognition and survival in the 1920's, including the unions that initiated the union-management cooperation movement in Canada in 1925 at the CNR maintenance shops in eastern Canada. Yet, the councils were very much company unions and eventually gave way to a more franchised and adversarial system of employee representation.

In contrast to Canada, the roots of worker participation in the FRG extend far back to the first part of the 19th century, and largely consisted of initiatives by scholars and clergymen who demanded the integration of the worker into the emerging industrial society based on ethical and religious motives. As early as 1834, the social philosopher Franz von Bader recommended the establishment of provincial "workers' chambers" as institutionalized representative bodies of worker interests. He was followed by Robert von Mohl, eminent lawyer and social scientist, who in 1835 suggested the formation of worker committees in business plants with a view to gaining some control over the work process which was then completely employer-dominated. The union of business entrepreneurs and workers in a 'community of interests' was urged by Jesuit father Heinrich Koch (Barthel and Dikau, 1980).

In both countries, progressive employers were the first to recognize the potential benefits which worker participation in the management decision process could have for achieving desired organizational objectives. For example, printing firm owner Carl Degenkolb introduced 'worker factory committees' in four of his plants in the mid-19th century for workers to voice their concern over work methods and scheduling. In 1891, Carl Zeiss and Ernst Abbé transformed their optical equipment factory into a business foundation which provided a profit-sharing scheme and participation in management for all employees (Freese, 1909).

While there was no attempt at legitimizing the emergence of participation schemes by attempts to legalize their existence in Canada, Germany presents a different picture. As early as 1848, a bill was presented to the German National Assembly at Frankfurt recommending the establishment of factory committees. However, owing to what appears to be rather entrenched feudalistic work ideologies of a large number of business entrepreneurs at that time, this bill never became law (Monissen, 1977).

Serious demands for "workers' chambers" with parity representation of employees and employers were made by labour organizations in 1890 for the first time. The unions then opposed this idea, and instead suggested the establishment of workers' chambers without representation by employers. It was not until 1891 when state legislation was passed which provided for the creation of worker committees with voluntary participation rights in the development of shop procedures and welfare provisions (*Mitwirkungsrecht*) (Teuteberg, 1961; Freese, 1909).

The turn of the century saw more stringent regulations for the mining sector in several German provinces (especially Bavaria and Prussia) by the legal requirement to extend the participation of works councils in safety matters to de facto codetermination. Although primarily advisory, the Bavarian and Prussian works councils administered safety rules, co-operated with management in raising productivity, and provided the model for further codetermination legislation (Monissen, 1977).

During World War I, the central government was forced to comply with labour demand and, as a result, introduced defence industry legislation, in the form of the National Auxiliary Service Act of 1916 (*Vaterlaendischer Hilfsdienst*). This legislation mandated the establishment of joint factory councils in the defence industry as an expression of social co-operation. The joint production committees that were legally required by the 1916 Act may, in every respect, be regarded as the predecessors of the contemporary German works councils (Monissen, 1977; Fuerstenberg, 1978; Thimm, 1980).

Following World War I, Article 165 of the Weimar Constitution provided for the development of a system of works councils at the enterprise level, economic councils at the district level, and a national economic council.

This provision led to the enactment of the Works Council Law *(Betriebsraetegesetz)* of 1926 which entrusted the works councils with codetermination rights for work procedures and redundancy policies in factories with at least twenty employees. The extension of the Corporate Law *(Novelle zum Aktien-Gesellschaftsrecht)* in 1922 set a benchmark in German labour jurisprudence in that it marked the beginning of statutory representation of workers on the board of supervision *(Aufsichtsrat)* of large joint-stock companies (Thimm, 1980:5-6).

This legal framework reserved a minimum of one board-of-directors seat (normally two) for a works council member. Pressure for its establishment came from trade unionists and left-wing radicals who asserted that management's executive power should be placed in the hands of works council members as had already been done in the U.S.S.R. However, strong resistance by both the trade union right-wing and management prevented the realization of this concept on the shop-floor. Instead, the functions of works councils became limited to promoting co-operation between management and labour through the handling of grievances, making suggestions, and participating in decision-making in certain areas of personnel and social administration (Brigl-Matthias, 1926; Guillebaud, 1928).

A few years before and after the foundation of the Weimar Republic, the political links between German unions and the Social Democratic Party were strong. Indeed, the notion of a liberal economy or economic democracy *(Wirtschaftsdemokratie)* was the central focus of union conventions and special sessions of the Social Democratic Party. For example, the 1925 convention of the General German Federation of Unions *(Allgemeiner Deutscher Gewerkschaftsbund)* discussed in detail for the first time the issue of economic democracy. During the same year, the Social Democratic Party launched an action program for the introduction of economic democracy in German business establishments. This debate culminated in 1928 at the thirteenth convention of the General German Federation of Unions where a more specific program for economic democracy was formulated (Naphtali, 1928).

This situation presents a stark contrast to the position of Canadian unions on the support of political parties during this period. For example, the Trades and Labour Congress (TLC), while it believed in the formation of an independent labour political party for labour, remained rigidly non-political in voicing its support for any of the existing parties. The TLC repeatedly justified its refusal to take political initiative by reference to its 1923 resolution "that labour political autonomy be left in the hands of [the] established labour political party, [that] the Congress again urge all labour organizations to affiliate and...that this Congress continue to act as the legislative mouthpiece for organized labour independent of any political organization engaged in the effort to send representatives... to Parliament...." (Canada, 1931:189).

In summary, the roots of participation in Canada are found in economic and social developments during World War I and the immediate post-war years. The establishment of unions and participation in strike action among workers in non-unionized industries due to inflation and lagging wages had a profound effect on early Canadian industrial relations. With the federal government being interested in minimizing labour conflict during the period of reconstruction and the Canadian business establishment keen on maximizing opportunities in the immediate post-war years, securing labour peace and industrial efficiency via worker participation appeared to be the only reasonable alternative to existing conditions. In the Federal Republic of Germany, the idea of worker participation originated in the social philosophies of scholars and clergymen who argued that the social integration of the working class into the emerging industrial society was necessary on ethical and religious grounds. However, in both countries progressive employers were the first to recognize the potential benefits of participation in the attainment of organizational objectives.

Participation as an Institution

More extensive union-management co-operative efforts were initiated during World War II, when Canada as well as other nations drawn into the war were attempting to increase military output in the face of shortages of labour, materials and energy. At this time, working class consciousness peaked in a desire to create a "new deal" for itself, especially as conditions of full employment were favourable to union growth. Union membership grew rapidly, as did the incidence of labour unrest with strikes reaching a new peak in 1943 in terms of number and total workers involved. The major issue in the vast majority of these strikes was that of union recognition in the face of strong and wide-spread opposition from employers (Jamieson, 1973).

The federal government responded to this impact of World War II on Canadian industrial relations in two ways, namely by passing order-in-council P.C. 1003, the National War Labour Order, in February of 1944, and by exhorting labour and management groups, once again, to minimize their differences via the establishment of labour-management committees to discuss important issues of mutual concern. P.C. 1003, modelled along the lines of the 1935 Wagner Act in the United States, superseded previous legislation during the war emergency and brought the national labour code more in line with the American pattern. It guaranteed labour's right to organize, the selection of appropriate collective bargaining units, certification of bargaining agents, compulsory collective bargaining, and labour relations boards to investigate and correct unfair labour practices. The provisions of P.C. 1003 became the model for most postwar industrial relations legislation in Canada (Lorentzen and Woolner, 1950).

Several hundred labour-management production committees were formed under the sponsorship of the federal government in munitions and clothes manufacturing plants across the country, concentrating on production problems or issues indirectly related to the production process, such as absenteeism, safety or job classification (Batt and Weinberg, 1978).

At the end of 1948, the Labour-Management Cooperation Service of the Federal Government reported a total of 600 labour-management production committees as still operating in various industries across Canada representing 276,011 workers. The services of Federal Government field representatives in a number of Canada's major industrial centres were made available to both management and trade unions who wished to set up production committees, and to assist such committees after becoming established. This figure compares favourably with a total of 250 such committees at the end of 1944 when a record of committees was first maintained, and 346 at the end of World War II (LG, June, 1949). A breakdown of these committees by industry, as of December 31, 1948, is given in Table 1 at the end of this chapter.

The majority of these committees were located in Ontario (280), followed by Quebec (121), Manitoba (47), British Columbia (44), Nova Scotia (40), Saskatchewan (28), Alberta (19), New Brunswick (19), and Prince Edward Island (2).

The pluralist nature of Canadian culture (ethnic diversity, differences in government policies, variety in union and management ideologies, etc.) and labour's reluctance to become partisan to the policies of any political party to represent its cause in Parliament had kept the scope for installing participation as an institution rather narrow and segmentalist in nature. As well, Jamieson (1973:92) notes that the decade of the 1950's represented largely a period of stability and growth, widespread optimism, complacency and conservatism of a kind quite similar to that of the 1920's. This development seemingly reduced the need for such co-operative arrangements, as management and unions probably felt that the most urgent requirements for reconstruction had been met by the joint consultation committees.

In the late 1950's and early 1960's, several union-management agreements revived interest in developing new collective bargaining institutions for bringing about improvements in productivity, the protection of employee job right and the enhancement of co-operative relations. A number of unions and managements began to experiment with new forms of co-operative bargaining. The objective was to resolve divergent interests through continuous attention to problems, in order to evoke a compromise in improving the parties' joint preferences in specific areas. A prime example of these developments can be found in attempts by management and workers in the Canadian and United States steel industries in a move away from distributive bargaining to a less adversarial form of bargaining (Chamberlain, 1965; Derber, 1977).

During the late 1960's and early 1970's, Canadian industrial relations had been marred by increasing strife, which led to a crisis of confidence in the industrial relations system in that era. This turbulent state of affairs prompted the Prime Minister at the time, Pierre Elliot Trudeau, to establish a Task Force on Labour Relations under the chairmanship of Dean H. D. Woods of McGill University to investigate the underlying causes of such unrest. In its critique of the system, the Task Force stressed the necessity for introducing some forms of industrial democracy into the workplace, such as "alternatives ranging from mutual cooperation to co-determination in areas not normally subject to collective bargaining. Although such arrangements may not be indispensable to a regime of industrial democracy, they can add a new dimension to the concept" (Canada, 1968).

The Woods Task Force recommended the formation of a Canadian Industrial Relations Council empowered to investigate any industrial relations issue and offer advice to the parties concerned on proposed policy and program changes. This Council was to be chaired by a prominent citizen acceptable to both labour and management, have two vice-chairmen (one from labour and the other from management), and include at least two other public members as well as three other union and three other management representatives. This recommendation also included the proviso that, although the Council was to have only an advisory relationship to the Department of Labour, it should have independent status, and be required to prepare an annual report to Parliament on its activities (cf Canada, 1968). However, the federal government never followed this particular Task Force recommendation,[1] as it was apparently concerned with the independent role of the Council and its direct link with Parliament. Having no active role to play in Council decision-making at the source, the government evidently decided that it was not prepared to share what it perceived as "undesirable" political consequences that might arise from the Council's operation.

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[1] The author attempted to explore the reason for not following through with the Task Force Recommendations with federal government officials during June, 1984. He was, however, unable to trace any person familiar with the federal cabinet policy on this issue at that time.

In the meantime, the level of strikes and lockouts was rising. For example, during the 1970-1976 period, 14% of all settlements were reached following a work stoppage compared with 10% during 1965-1970. The strike record of 1975 (1200 workerdays lost for every 1,000 persons employed), was the second worst strike record among the industrial nations. Although as a percentage of work time lost, work stoppages have never amounted to more than three fifths of one percent, they were relatively high when compared to the U.S. figure of one fifth of one percent (Wood and Kumar, 1977; Laberge, 1978; Malles, 1977).

In the Federal Republic of Germany, the authoritarian interregnum of the Nazi government (1933-45) temporarily destroyed the further development of participative endeavours (in the form of codetermination) in Germany. The National Socialist government dissolved the works councils and trade unions in 1934 and replaced them with the DAF *(Deutsche Arbeitsfront)* in a vertical, unitary organization which comprised all employees including top management *(Vorstand)* and even the owner, whenever the owner performed managerial tasks. Under the leadership concept *(Fuehrerprinzip)*, the chief executive owner of each enterprise was also the titular leader of the DAF unit. The works councils were (nominally) replaced by a committee of "trusted men" *(Vertrauensleute)*, which was encouraged to advise management on both production and personnel questions. As Thimm (1980) has noted, however, by emphasizing the organic unity of both enterprise and society, the DAF adapted its political ideology to the traditional German principle of social co-operation. Industrial warfare and cut-throat competition had no role to play in the new national-socialist society.

The DAF soon took over the social functions of the unions and occupied itself with expanding leisure-time activities. Fundamental working conditions in most plants did not change very drastically, especially not during the peacetime years (1933-39). In practical terms, the shop committees *(Vertrauensleute)* were quite akin to the works councils of the Weimar Republic. It seems, therefore, that an informal type of codetermination was allowed (in a minute way) to continue throughout the whole Nazi period (1933-45).

Following the collapse of Nazi Germany in 1945, works councils, labour-management committees and trade unions quickly re-appeared, often before the arrival of the allied occupation forces. The originators of this effort at reconstruction were the surviving cadres of illegal organizations who saw as their task the purging of industry from the remnants of Nazi dictatorship and preparing the German economy for reconstruction. Despite the absence of managerial skills and control (as many captains of industry and managers had either escaped from Germany or had been jailed due to collaboration with the Nazi authorities) a form of worker self-management materialized (Deppe, 1971; Daeubler, 1982). Those fragments of the trade union movement that had remained in Germany throughout the collapse of the Nazi government agreed that a revival of their activities should be governed by the principle of industrial unionism (one industry and the enterprises in it organized by one union) and not on the basis of the more traditional notion of trade unionism (one industry and a union for every trade represented in it), as had been the case in the Weimar Republic (Cullingford, 1976:6-9).

This effort was initially resisted by the allied occupation authorities who preferred a return to the trade union concept, as a way of preventing the emergence of unwanted left-wing or communist elements within the confines of a large industrial union. A splintering of the union movement by trade, the allied authorities believed, was more germane to creating factionalism on ideological grounds, and hence to controlling the accumulation of too much leftist-oriented power (Schmidt, 1955; Cullingford, 1976). Following a period of ongoing negotiations with the occupation authorities (in the British zone, for example), the introduction of autonomous industrial unions was achieved in 1946.

In marked contrast to the Canadian scene during the post-World War II period, the further "re-institutionalization" of participation progressed rather rapidly, was wide in scope and unitary in approach. For example, the constitutions of the newly formed self-governing provinces in the American, British and French occupation zones reflected the virtually unanimous sentiment among all political parties to achieve 'economic democracy' at all cost, and to introduce a new social order. Industrial democracy *(Wirtschaftsdemokratie)* was defined as the right to share with capital in the management of the enterprise and the economy. In this vein, the Bavarian constitution of 1946 contained the following passage: "In all economic enterprises, employees have the right to participate in all matters which concern them. In all important endeavours they have direct influence on the policy and management of the firm. Works councils are to be formed for this purpose in accordance with the provisions of a special law [to be passed by the Bavarian legislature]".[2]

[illegible] legislation enacted between 1946 and 1949 affirmed the revital[illegible] of the unions but extended their formal guarantees concerning the role of labour beyond the parameters of the Weimar law by providing the right to strike. Moreover, the industrial relations code of one province (Land Hessen) even prohibited the lockout by employers. Such a strong position of organized labour found visible expression in the general strike of November 1948 which had a participation of 9.25 million workers. One major demand of the unions was the democratization of industry and parity participation of the unions in all "institutions of economic administration" (Beier, 1975; Stammer, 1950).

An historically important but frequently misunderstood aspect of the developing German industrial relations system during the post-World War II years was the ready support for the establishment of participatory institutions in German industry that was provided by the Allied occupation forces. Such support simply coincided with the long-awaited realization of economic democracy (interrupted only by the Nazi dictatorship). It also coincided with the concern for consensus and lasting harmony between labour and management for which the Work Protection legislation of 1891, the Weimar Constitution of 1919, and the Works Council Law of 1920 had laid a relatively firm foundation. In short, unions, managers and political parties were ideologically committed to the principles of economic democracy due to its historical successes (Thimm, 1980).

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[2] Bavarian Constitution (#175), Oct. 1946, quoted in: Thimm (1980:23)

The ideology of industrial harmony embedded in the legislative framework saw the survival of the social system as being heavily dependent upon the achievement of a common identity where the interests of all social partners are consolidated into the task of joint economic control over all industrial establishments. One of the vehicles to safeguard the accomplishment of this task is the institution of participation and/or codetermination firmly anchored in statutory regulations.

The idea of industrial democracy had been raised in the coal, iron and steel (Montan) industries in the Ruhr valley around the turn of the century. After the founding of the German Federal Republic in 1949, the spreading of industrial democracy to other sectors of the economy presented some difficulty in the formulation of viable federal codetermination laws. Works council practice outside the Montan industry was structured along the lines laid down by the Christian-Conservative view of worker participation which focused on the employees of a particular organization *(Belegschaft)* but did not (explicitly) reserve a role for unions. By contrast, the labour unions emerged as the main purveyors of employee codetermination in the British sector Montan industry, and held a syndicalist view of codetermination (Schmidt, 1976).

The British authorities were intent on decartelizing the industrial giants of the Ruhr who, they believed, had partially been responsible for the rise of National Socialism. Following the political philosophy of a labour government, they attempted to break up the Montan concerns into a number of small uneconomic units. As a result of this measure, the owners of the major concerns appealed to the Montan unions for assistance in preventing the "splintering" of the well-integrated coal-iron-steel industry. In fact, they offered these unions a bonus in the form of full codetermination through a 50% share of supervisory board seats following the return of the industries to their owners. The unions immediately accepted this generous offer, and the Allies approved (Pothoff, 1957; Teuteberg, 1961).

The long historical association of the Montan industry with the concept of economic democracy, the special post-World War II agreement between owners and unions to prevent fragmentation of the industry (resulting in parity codetermination), and the ideological uniqueness of the Montan unions gave considerable impetus to the enactment of a special statute, namely the Montan Codetermination Law *(Montan Mitbestimmungsgesetz)* of 1951. More specifically, the 50% employee representation on the supervisory board *(Aufsichtsrat)* which this legislation provides, consists of 3/5 representation of national union officials, and 2/5 of actual employees (Spiro, 1958; Hirsch-Weber, 1959). The Montan Act applies to all organizations in the coal-iron-steel industries which operate under the charter of a corporation *(Aktiengesellschaft)*, a company with limited liability *(G.m.b.H.)*, or a joint company of mine owners *(Bergrechtliche Gesellschaft)*, and if these companies have generally more than 1,000 employees (Thimm, 1980).

These developments contributed much to the emergence of two distinct models of codetermination, one operating in the Montan industry, and the other in the remainder of the German post-war economy. Such bifurcation of ideological preferences occurred naturally in the process of selecting the codetermination model which best fitted certain sectors of industry at that time. In the Montan industry, for example, a labour relations climate prevailed in which both employers and workers alike recognized the leadership of the steel and mine unions as an equal partner of capital in the management of enterprises in these industries. As already noted, this view was expressed in granting the unions equal representation on the supervisory board. By contrast, establishments outside the Montan sector practised codetermination through selected representatives who themselves had to be employed by a particular organization. Local union officials could be chosen (and were frequently elected) if they "deserved" confidence, but no union occupied any official position in the codetermination process (Fisher, 1951; Thimm, 1980).

The ideological underpinnings of these models may be traced in two disparate strands of socio-political thought then current in Germany. One of these was the Christian-Conservative model of codetermination which stressed the cooperative role of the individual in the production of goods and services for the benefit of people rather than profit. While the use of profit is not questioned, social and moral considerations were to guide the accomplishment of mere economic objectives. Moreover, innovative employer-employee cooperative schemes at the local and national levels required the exclusion of all outside agents (especially national labour union officials) from this relationship. The Christian-Conservative model of codetermination was crystallized in the Christian-Democratic Union/Christian Social Union (CDU-CSU) bill submitted to the German parliament in 1950. This model's chief focus was on establishing industrial democracy at the workplace and giving individual employees co-worker status *(Mitarbeiter)* (Thimm, 1980).

In its thrust toward achieving a structure which allowed workers' collective participation in the management of the firm, the CDU-CSU bill (incorporated in the works council legislation of 1952) provided one-third of the seats on the supervisory board to works council members elected by all employees. An important aspect of this bill was the absence of any particular reference to labour unions, hence permitting the works council to operate independently of union influence. While the CDU-CSU coalition recognized the role of democratic labour unions, it wanted union activity to be confined to negotiating industry-wide collective agreements (Muszynski, 1975).

The trade-union model of codetermination regarded the German Trade Union Federation *(Deutscher Gewerkschaftsbund* or *DGB)* as the appropriate vehicle for transforming the employer-employee wage relationship into an equal partnership of capital and labour. Thimm (1980:15) has stated the case of the labour unions at that time succinctly. He says:

> The labour union as the corporate representative of labour corresponded to both radical syndicalistic and medieval guild views of society; however, the union codetermination model was also merely a first step toward a reordering of society in which the labour union-leadership would play a major but ill-defined role in directing the economy and supplementing or replacing significant aspects of the market-economy. This essential goal of the union leadership has remained amazingly constant since 1919.

In 1950, the DGB brought before parliament a codetermination bill entitled "Reorganization of the German Economy" (DGB, 1950). This counterproposal to the CDU-CSU bill presented a clear description of the trade union view of codetermination and demonstrated an ideological outlook of the union leadership that had remained relatively unchanged since 1919. There were three sections of the bill: union-employee codetermination at the shop-floor level; equal union participation in management; and equal union leadership representation on a national macro-economic planning board. Importantly, the DGB proposal provided for the establishment of a joint management-employee finance committee *(Wirtschaftsausschuss)* to receive and discuss all pertinent production, investment, sales and employment information. The economic committee was the only element of the DGB draft that was finally incorporated by parliament into the 1952 works council legislation, although in a version in which all decision-making powers of the economic committee had been removed.

As a result of these events, the Works Constitution Act of 1952 which, as already noted, incorporated many of the provisions of the CDU-CSU legislative proposals, established the works councils and codetermination rights in determining work, production and lay-off rules. It also gave (as noted) employees one-third of the seats on the supervisory board. At the plant level, no outside representatives were permitted, and no specific role for unions has since been laid down. This Act represents the guiding framework for all establishments who have at least five employees on their staff (Thimm, 1980).

In its version of 1952 and the amendment of 1972, the Act stipulates one-third codetermination for corporations and partnerships (limited by shares) with more than 500 employees. If the business charter of these firms does not already require the establishment of a supervisory board, such a board has to be established. The main exceptions from the one-third codetermination rule are made for family corporations with less than 500 employees, or so-called "tendency" firms (business firms with political, unionist, educational, scientific aims etc.), and for religious groups and their charitable and educational institutions. Also excluded from the 1952 and 1972 Acts are employees in the public service (both federal and provincial) for whom codetermination rights are regulated by the Federal Employees Representation Act *(Bundespersonalvertretungsgesetz)* of 1955 and 1974, and relevant laws enacted by the various provinces. However, these laws are, with minor exceptions in emphasis and structure, very similar to the Works

Constitution Act of 1972 in their general conception of employee participation. The updated Works Constitution Act of 1972 mainly extends the codetermination rights of the works councils, defines more incisively the relationships between local unions and works councils, and strengthens the position of the unions on works councils to some degree (Fuerstenberg, 1977).

The most recent codetermination legislation, the Codetermination Act of 1976, reforms the *enterprise* legislation (representation on a supervisory board) of the Works Constitution Act of 1952 and strengthens the role of the unions but applies only to firms with over 2,000 employees. The 1952 legislation remains intact for organizations with fewer than 2,000 employees, and these represent by far the overwhelming majority of German business organizations, covering about 9.4 million out of 18.6 million workers having codeter-mination rights including the public service in 1980 (see Table 2 at the end of this chapter).

In concluding, during the decade immediately following World War II, the pluralist nature of Canadian culture (ethnic diversity, differences in government policies, variety in union and management ideologies, etc.) and labour's reluctance to become partisan to the policies of any political party kept the institutionalization of participation narrow and segmentalist in nature. It was only during the late 1950's and early 1960's when a number of unions and employers began experimenting with new forms of cooperative bargaining. Increasing labour unrest during the late 1960's and early 1970's and the ensuing economic crisis and global recession during the 1970's further sparked the introduction of co-operative schemes with the assistance of the federal government.

In the Federal Republic of Germany, the re-institutionalization of worker participation (wide in scope and unitary in approach) progressed rather quickly following World War II. For unions, managers and political parties it was a return to the principles of economic democracy which, in one form or another, these groups had experienced already before the turn of the century and which had become entrenched in legislation. These developments resulted in the emergence of two models of co-determination, namely one operating in the Montan industry, and the other in the remainder of the post-war economy.

Recent Developments

A period of relative prosperity during the late 1960s and early 1970s marred by strikes and considerable labour unrest, decreases in productivity growth, increased foreign competition on world markets and rising worker expectations placed considerable pressure on Canadian entrepreneurs to prepare for economic survival. Moreover, Canadian workers had begun to question the value of jobs which, while providing a better standard of living, also involved some negative effects on their health and work environment. Again, this was a time when labour's consent and co-operation was urgently needed. Again, the federal government attempted to create a new corporate alliance among labour, business and government to stem the negative tide of events in the late 1960's and early 1970's. What was new in Canada were the rising expectations of workers, their increased educational levels and the introduction of new technologies. All of these factors meant the gradual dismantling of Taylorism in organizations and the advent of speedy global communication.

These events ushered in serious attempts at work reform by academics, government departments across Canada and a number of large corporations. The innovations that were introduced in many organizations largely focused on job rotation, flextime work arrangements, job enlargement, semi-autonomous work groups, and other related schemes to create new forms of work organization. In some instances, joint labour-management teams were established; in other instances changes were directed and implemented by management. While some unions were willing partners to these innovative efforts, many others dissociated themselves from them, maintaining that they were nothing but age-old management ploys to raise worker commitment to the organization and increase productivity, as genuine work reform could only be achieved through collective bargaining (Wood and Kumar, 1977; Nightingale, 1982).

In response to this volatile industrial relations scene, the federal government sponsored a symposium on the "Social Indicators on the Quality of Working Life" in 1973. One of the major objectives of this effort was to gain a more systematic understanding of the processes underlying industrial relations, thereby increasing the Department's capacity to help the parties to collective bargaining resolve their differences (Canada, 1972; Portigal, 1973; Riddell, 1986:78). As we shall see in the empirical chapters, such short-lived and voluntary attempts at tri-partite decision-making have exercised some impact on Canadian industrial relations. Frequently, however, the unions are exluded from such endeavours, either by their own choice or the nature of the programs proposed by the government. In addition, these attempts contained other elements that could be usefully discussed, but the programs seemingly failed, largely because the unions were not accommodated as partners.

At the height of the unions' opposition to the federal government's wage and price control program and the establishment of the Anti-Inflation Board in October 1975, the 1976 speech from the throne announced a new 14-point program for improving Canada's labour relations scene. The new policies focused on improving the collective bargaining process and the industrial relations system generally. They also placed greater stress on health and safety, a new code for good industrial relations, the expansion of advisory services, and the establishment of a national quality of working life centre. The particular objective of the latter was to stimulate worker participation in decision-making, and to assist with actual experiments in industrial democracy. Here, the labour minister at the time, John Munro, did not anticipate any transplantation of the European models of industrial democracy in Canada. He felt, however, that labour, management and government could co-operate in developing a form of worker participation in keeping with Canada's needs and tradition (Munro, 1977).

During the 1970's, Quality of Working Life projects with their bi-lateral committees to work out changes at the shop-floor level gathered momentum in Canada and resulted in the establishment of a QWL unit at Labour Canada and the Ontario Quality of Working Life Centre sponsored by the Ontario Ministry of Labour. These QWL projects also provided a model for a number of labour-management committees that were established across the country on the initiative taken by Labour Canada. However, once these units were in operation, Labour Canada withdrew its manpower from participation in these committees in 1978, and handed over the responsibility for assisting their efforts to the provinces (Fricke, 1983).

During the late 1970's and early 1980's, token efforts by some Canadian provinces (notably Quebec, Ontario, New Brunswick and Alberta) have assisted industry in establishing labour-management advisory committees in various economic sectors in addition to the committees left in their care following the Federal Government's withdrawal from the undertaking. It is of interest to note that Ontario, Quebec, New Brunswick and (more recently) Alberta have meanwhile taken the initiative in advocating the concept of the labour-management committee as an integral part of their preventive mediation programs, unfortunately only *following* a dispute (Fricke, 1983).

In 1980, the International Council for the Quality of Working Life approached Labour Canada's QWL unit and Ontario's QWL Centre with the request that Canada host an international conference on QWL. At that time, models from

Britain, the Federal Republic of Germany and Scandinavia were increasingly being adopted throughout Europe and North America. QWL activity appeared to be particularly acute in Canada in the form of semi-autonomous work teams, job enrichment and labour-management problem-solving groups. Canada responded to the exhortations of the International Council for the Quality of Working Life and hosted a large world-scale conference in Toronto in 1981. When compared to the first international QWL conference at Arden House, Columbia University, New York in 1972, which was deliberately designed as a limited undertaking, the Toronto conference was expected by some labour relations practitioners to have an impact on Canadian industrial relations for the balance of the 1980's and beyond (Riddell, 1986:78). In the recession of the early 1980's, it has been a rather difficult task to gauge the more specific effects (if any) the conference may have had upon different economic sectors in Canadian industry. Nevertheless, it probably made some contribution to sustaining/or re-kindling earlier participatory efforts (whether management anti-union strategies or not) across the nation, and laid a foundation for a more coordinated and systematic approach toward participation in Canada (Nightingale, 1982).

An important offshoot of the Toronto conference was the inauguration of the Canadian Council of Working Life (CCWL) in Ottawa in 1982. It represents a significant means and resource for assisting and reinforcing the work of QWL-oriented labour relations practitioners across Canada. This institution's mission is to act as a forum for individuals and groups regardless of their particular function, discipline or affiliation. It is dedicated to finding better overall solutions to the challenges with which the Canadian workplace is presently confronted. The CCWL also acts as a clearing house for QWL-related information. It encourages experimentation and research on participation schemes, assists in securing the funding for worthwhile projects and publishes newsletters and current information on participatory arrangements which are operating in the provinces (CCWL, 1982).

The establishment of the Canadian Labour Market and Productivity Centre (C.L.M.P.C.) in Ottawa in 1984 represents a most recent initiative by the Federal Government to develop a new national partnership of labour, management and government to meet the challenges of the 1980's. Also, this is the first joint effort that is fully endorsed by the Canadian Labour Congress, especially since the imposition of wage and price controls by the Federal Government in the fall of 1975. Clearly, the deepening recession during the early 1980's and the unions' concern with securing jobs for rank-and-file members as well as training them for the demands of new technologies was a factor in causing this shift in labour's attitude toward employers and government.

The C.L.M.P.C. recognizes that enhanced productivity in certain segments of the working population can be achieved only through equal partnership and shared responsibility between business and labour. It has been designed to address matters related to the performance of the labour market in Canada, and to encourage productive practices that can make Canadian industries more fully competitive on domestic and world markets. Its structure encompasses a board of directors consisting of 12 labour representatives, 12 business representatives and 2 educators. In addition, there are 14 ex-officio non-voting members, four from the Federal Government and ten from provincial governments. The board is co-chaired by business and labour with an executive committee of 6 business and 6 labour representatives being responsible for the operation of the Centre between meetings of the board (Canada, 1984).

In his budget speech of February 15, 1984, the then Minister of Finance, Jean Chretien, also announced the introduction of an employee profit-participation plan which was expected to be in operation by 1985. This plan was an arrangement whereby an employer agreed to share with his employees a predetermined percentage of a firm's profits over a year's period. If the plan met certain requirements, then the profits allocated to the employees would be eligible for a tax credit that would be shared between the employer and employees.

The basic requirements for this gain-sharing plan were: (1) broad-based employee participation; (2) allocation of profits to the plan; (3) allocation of profits to individual plan members; (4) tax incentive; (5) a labour-management advisory committee; and (6) plan registration. The labour-management committees were expected to play an active role in the plan's administration, especially in the process of verifying the measurement of profit and allocating the profit share. The interesting feature of this arrangement is that, where previously contributions to cash distribution plans were fully deductible for employers, like any wage costs, they were to be deductible also for employees as a tax incentive (Dept. of Finance, Canada, 1984). However, owing to the installation of a new conservative government in 1984, this plan never materialized.

In August 1985, the Royal Commission on the Economic Union and Development Prospects for Canada (Canada, 1985:447-449), the Macdonald Commission,[3] recommended that all Canadian governments provide a supportive environment for the labour movement and for collective bargaining. Management must respond to "employee concerns about job security and job satisfaction, and to the often-untapped capability of all employees to contribute to imporved productivity and product quality. Unions must find new ways to facilitate and to participate in this process", which includes, in the view of the commissioners, "a responsibility for helping to achieve the levels of competitiveness essential to the survival of the enterprise". In order to accomplish these objectives, the Commission recommended that Canadian governments support, on a local and voluntary basis, such features as *preventive mediation programs, quality-of-working-life programs, and gains-sharing/compensation arrangements.*

It is true that QWL initiatives require full co-operation by management and labour while collective agreements tend to lock a bargaining unit into a particular set of work rules and job specifications. QWL changes may, therefore, require departures from the agreement which, in a climate of less than whole-hearted trust, may be regarded as the thin edge of the wedge. Yet, where such trust exists between the parties, the question of QWL changes is likely to become more minute. Despite this concern, however, there has been greater union involvement in QWL projects within the past ten years both in Canada and the United States (Nightingale, 1982; Deutsch and Albrecht, 1983). The record of achievements in these participation schemes appears to be uneven. Cohen-Rosenthal (1980) assessed many instances of union involvement in Canadian QWL projects and applied his judgements to a range of industrial sectors, public and private employment, old and new industries, and unions across the spectrum of traditional, political and ideological attitudes. He concluded that, while there are pitfalls in these projects, the opportunities to win some gains for workers and achieve access to company information is often a step forward.

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[3] so named after its chairman, Donald S. Macdonald.

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Thus, while participation schemes in Canada have been subsumed under different program labels and some of them may have been installed as an anti-union strategy, all of them have included the committee concept as their central structural element. These 'participation' committees differ, of course, in terms of their membership, the function they are intended to serve, and the decision-making responsibility of their members. Moreover, these committees usually serve as a supplement to traditional negotiating committees in the collective bargaining process, although (on the surface) collective bargaining appears to be the major form of worker participation in North America (Strauss and Rosenstein, 1970).

Crispo (1970) has noted that it is rather difficult to draw a clear line of demarcation between various forms of participation. Some participatory activities put emphasis on 'collective bargaining', while others stress 'consultation', 'co-operation' and other mechanisms of 'participatory democracy'. Thus, the accomplishments under the label of collective bargaining in one country may be credited to consultation or co-operation in another, and vice versa. Recall that in Chapter 2: Decision-Making Studies, we identified three types of labour-management committees which have developed to encourage co-operation between employers and workers and allow for employee participation: (1) information/communication structures, (2) consultation/co-influence structures, and (3) co-determination frameworks.

As some authors have noted, Canadian labour-management committees have many foreign counterparts. There are consultation-advisory committees in Sweden, Britain, France and Germany (outside of mining, coal and steel) and Israel (joint production committees and plant councils); joint decision-making committees in West Germany (codetermination program in mining, coal and steel) and in Israel (Histradut's Joint Management Plan); and worker-controlled committees in Yugoslavia (Sanderson and Stapenhurst, 1979). Moreover, a proposal by the Council of the European Economic Community (CEEC) calls for substantial employee representation on the policy-making boards of every large publicly-owned company in the CEEC, including United States subsidiaries (Strauss and Rosenstein, 1970; King and van de Vall, 1970; Brua, 1973).

As far as the Canadian scene is concerned, we agree with Riddell (1986:46-47) that information is lacking on the extent of these co-operative approaches and their consequences in various organizational settings. Although the available evidence suggests some experimentation, the data needed to determine whether this is a marginal or pervasive phenomenon do not exist. Moreover, Arthurs (1984) points out that this state of affairs seems to reflect the limited amount and breadth of Canadian industrial relations research. Canadian approaches appear to be more concerned with the operation of the existing collective bargaining system than with issues relating to fundamental change and work reform.

It is desirable for present experimentation with participation in Canadian firms to continue. Highly competitive world markets, lagging productivity and what appears to be a prolonged recession, may well present a challenge to Canadian industry and government to provide an environment in which the participation phenomenon can become more firmly entrenched as a work institution. The more recent developments which we discussed seem to point in this direction and will present a substantial challenge to Canadian voluntarism. How the unions will meet this challenge, whether by accommodating it via collective bargaining or via a move toward some form of tripartitism by seeking greater participation in the political process is an open question. Chances are that they will opt for the former, as the obstacles to achieve the latter are, in the Canadian context, indeed considerable. These seem to arise from an instrumental rationality[4] underlying the enterprise bargaining system and its offshoot, namely the present government lobbying system. The latter permits unions to present convention resolutions for work reform to appropriate government officials in ad-hoc fashion.

The obstacles to achieving greater political representation (or "a direct voice in government") have been noted by several scholars. While, in contrast to the earlier non-affiliation policy of the T.L.C., the C.L.C. and its affiliated unions have endorsed the N.D.P. as best representing "the wishes of the Canadian labour movement" and have provided this party with strong financial and other support, such assistance has seldom materialized in a big labour vote (Miller and Isbester, 1971:231; Kumar, 1986:104).

Some of the reasons for this state of affairs may be located in the socio-cultural environment governing the relations between government and organized labour. One critical factor appears to be labour's historical preference for political detente, e.g. remaining uninvolved in the making of government political strategies (Horowitz, 1968:62) or, as Porter (1965:540) has long ago argued, a deliberate choice of labour leaders to remain "on the periphery of the over all structure of power". This view is in part reflected in Presthus's (1973:168-169) findings on the activities of unions as interest groups, namely that "...labour in Canada fails to enjoy the legitimacy imputed to other economic groups such as business, agriculture, and professional groups including law, medicine and accountancy." As well, public perceptions of Canadian unions seem to contain a negative "big labour" image owing to the belief that "unions help cause inflation". Studies in this area also stress the importance of job dissatisfaction as a factor in unfavourable disposition toward unions (Krahn and Lowe, 1984:149-164; Digiacomo, 1978:116-118).

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[4] In the area of participation in management, this term refers to employer preferences for shop-floor worker participation and consultative practices in order to achieve immediately practical goals (enhanced productivity, quality control etc.). Worker preferences are directed toward achieving work group controls and a commitment to collective bargaining as a means for achieving desirable wages and working conditions. For greater detail on this construct see Poole (1986:14).

It seems that the chief reason for this situation is an instrumental rationality which aims at securing shop-floor controls, increased job regulation by employees, and the improvement of wages and working conditions via collective bargaining at the plant level. We will further argue that implicit in this rationality is a basic fear that labour might lose some of its local control over bread-and-butter issues and have these regulated not only by their provincial and national executives but also by politicians distant to local concerns, as a trade-off for greater political involvement. This kind of preference would also explain the apparent acceptance of the present lobby system by Canadian unions. This system leaves open the choice of appoaching influential politicians on matters of provincial or national interest to unions whenever labour leaders believe they are worth lobbying for; however, without being committed to such interests as a matter of local union policy. Such instrumental rationality would also explain the continued "mixed" response of Canadian unions to the introduction of shop-floor participation schemes, separate from principles guiding their operation established in the collective bargaining process. In short, such reasoning is at the very heart of the Canadian enterprise bargaining system.

Thus, if the C.L.C. wishes to play a more significant role at the federal level, it will be forced to undertake, as Jamieson (1973:77) asserted some time ago, a fairly drastic re-organization of its structure. Among other objectives, such re-organization would be designed to achieve a greater degree of authority over its affiliated unions, (such as the German Trade Union Federation has accomplished in the FRG), and a consolidation of these into fewer but larger and more efficient organizations (as exemplified by the German Federation of Trade Unions affiliates); a greater measure of autonomy or independence of Canadian unions from centralized control by their international headquarters (does not apply in the FRG); and an extension of union membership to a far larger proportion of Canada's labour force than it is at the present (as is the case in the FRG).

As a result of recent developments in the FRG, the functions of unions and works councils (under the law) are juxtaposed in a rather complex way. On the one hand, works councils carry out and monopolize tasks which, in other industrial relations systems, are regarded as genuine union responsibilities (administration of the collective agreement, resolving grievances, etc.). On the other hand, the works councils are bound by law to co-operate with the unions and to abide by their policies. In still other respects, the councils are explicitly prohibited from taking job action, and unions are legally protected from works council interference and competition (Monissen, 1977; Thimm, 1980).

Works councils have, for example, legally protected rights on a number of issues in relation to the employer concerning information, consultation and codetermination. As Streeck (1981) has noted, while the law does not formally prohibit workplace union organizations from taking up the same issues independently, the legally guaranteed recognition of works councils on these matters, and their strong position vis-a-vis the employer on at least some of these, makes union intervention in reality impossible. This holds true especially in the area of manpower policy at the workplace, so that the current mode of joint regulation concerning the use of manpower at the workplace is not (voluntary) collective bargaining but rather (statutory) codetermination. Moreover, the level at which manpower use is jointly regulated is not the individual workshop but the plant as a whole. Miller (1982) has examined the prevalence of organizations with works councils (although there is no legal compulsion to have one) in selected industries for the year 1978. His findings are summarized in Table 3 at the end of this chapter.

Another type of relationship between works councils and trade unions which is important to our study expresses itself (as already noted) in the obligation of works councils to supervise the observance of industrial agreements. Where such agreements exist, works councils are obliged to apply these in co-operation with the employer. Here, codetermination complements rather than replaces collective bargaining, and the works councils serve as a vehicle for implementing industrial union policy at the workplace. Also, works councils are legally not permitted to engage in wage bargaining. Under the law, wages cannot be regulated via co-determination, and they are, therefore, reserved as a subject of negotiation exclusively through collective bargaining by the unions (Roberts, 1973).

The reason why the distinction between co-determination and collective bargaining is rather important is that works councils (as agents of co-determination) are legally forbidden to call a strike; whereas, unions (as collective bargaining agents) are not. Within the framework of codetermination, disputes between workers and employers are resolved not through industrial action but through a rather elaborate system of conciliation, arbitration and labour court adjudication. Issues of joint regulation that are (by law) under works council jurisdiction can thus not become the subject of industrial action. This applies especially to the use of manpower at the workplace and to the application of industrial agreements at the level of individual firms, with the negotiation of such agreements being conducted by the union at the regional or national level, and only very rarely at the enterprise level (Streeck, 1981).

Under the Works Constitution Act, unions like any other group of employees, may put up candidates at works council elections. Today, more than 80% of all elected works councillors are members of a German Trade Union Federation (DGB)-affiliated union, and in the manufacturing sector and in larger plants this percentage is still higher. While under the law works councils and unions remain separate institutions, they do in fact combine in a joint representation of statutory and voluntary interests at the workplace.

Miller (1978) has pointed out that, in most of German industry, the works council forms the organizational backbone of the union at the workplace, with the leaders of the workplace union serving at the same time as works councillors. The typical pattern for German unions representing the interests of their members at the workplace is to act from within the works council system and turning the statutory rights of the works council into union rights. In fact, the unions use the works council as 'the extended arm of the union' (a phrase often used by German union officials).

Apart from the rather rigid statutory regulation of workplace relations (see Table 4 for its historical development at the end of this chapter), voluntary schemes designed to improve the use of manpower at the workplace have been introduced in the FRG since the early 1970's by the Federal Government. Concurrent with the rather turbulent labour relations scene in Canada during the early and mid-1970's, the FRG likewise was confronted with considerable labour unrest at that time, such as the 'September Strikes' in 1969 and labour disputes in the provinces of Wuerttemberg and Baden in 1973 (Matthoefer, 1980:25). The articulated demands and aspirations for a new and qualitatively improved way of working and living were (like in Canada) responded to by the federal government.

The neo-corporatist government-business-worker alliance through the offices of the Federal Ministry for Research and Technology in 1974 introduced the 'Humanization of Working Life' *(Humanisierung des Arbeitslebens - HdA)* program which has some structural similarities with North American QWL (Quality of Working Life) projects. The program was also sponsored by the Federal Ministry for Labour and Social Affairs as well as by the Federal Institute for Safety at Work and Accident Research. It was based on an agreement between employers and trade unions, indicating that both were ready to co-operate within the framework of the government-sponsored program. Like in Canada, the HdA (QWL) program was introduced and carried out with varying degrees of success in a number of industries (FRG, 1977; Braeunling, 1979).

Voluntary participation schemes extending the statutory horizon at the plant level can also be embedded in collective agreements *(Tarifvertraege)* and plant agreements *(Betriebsvereinbarungen)*. At the shop-floor level, voluntary schemes have also been advocated and actively supported by industry itself. These include employee suggestion schemes *(Vorschlagssysteme)*, autonomous work teams *(Arbeitsgruppen)*, skill development programs *(Lernstaette)*, quality circles *(Qualitaetszirkel)*, etc. The actual implementation of such shop-floor schemes is, however, only of relatively recent origin in the FRG, although the Works Constitution Act, 1972, supports, for example, the formation of work teams, if the parties to a collective agreement so desire (Article 3,1). While the unions welcome such workplace improvements through voluntary efforts, they generally do not consider the present business climate in the FRG as congenial enough to represent worker interests at the shop-floor level effectively. At the same time, however, they are not known to make an all-out effort to extend the participation rights of individual workers at this level (Barthel and Dikau, 1980).

As a result of such attitudes, recent developments in co-determination in the Federal Republic of Germany have induced management in many firms to devolve some managerial functions to the representatives of the workforce, in particular the works council Streeck (1983:33). Management under co-determination is essentially co-management, especially in the manpower area where it is based on a close, symbiotic relationship between the personnel department and an increasingly 'managerial' works council. Tegtmeier (1973: 148) describes this situation as a "constraint toward co-operation" which he sees as institutionalized in co-determination.

Summary and Conclusions

In Canada we have some indication (however vague) that the participation phenomenon may be approaching a stage of greater consolidation as a work institution. The rising expectations of the Canadian workforce, increased educational levels and the introduction of new technologies since the early 1970s gave much impetus to this development. Yet, in the Canadian version of neo-corporatism, which frequently excludes unions from participation, we have also witnessed ad-hoc and short-lived labour relations policies by Canadian governments as shown by the interventionist strategies of the Anti-

Inflation Board during the mid-1970s and the increasing use of back-to-work legislation to curb worker expectations (to be discussed more fully in Chapter 5). We conclude that the cleavage in perspective between this ad-hoc business-government alliance and the goals of labour organizations is widening. The former wants more work rationalization and productivity (see also: Rinehart, 1986:521-522) and the latter more participation in management decisions and decent jobs.

To some extent, developments in the Federal Republic of Germany seem to point into the opposite direction. The consolidation of participation as a work institution in the Federal Republic of Germany has a fairly long history, reaching as far back as the turn of the century (see Table 4 at the end of this Chapter). It is legitimized by a tri-partite neo-corporate alliance among government, business and labour. Apart from joint policy-making, membership in the alliance is compulsory and permanent. As a result, the status of labour in the enterprise seems to become more similar to that of capital owing to the persistent 'co-optation' of works councillors into the assumption of managerial responsibilities. Whether or not this current trend represents a deliberate attempt on the part of West-German management to 'de-institutionalize' participation, as we know it at the plant level, is difficult to predict.

TABLES - Chapter 4

TABLE 1

Labour-Management Production Committees by Industry

(Canada - December 31, 1948)

	No. of Committees	No. of Workers
Mining	41	25,066
Manufacturing	365	160,470
Construction	2	8,840
Transportation	121	56,606
Communications	41	10,537
Trade (Retail & Wholesale)	7	1,819
Finance	1	179
Service	22	12,494
Total:	600	276,011

Source: *Labour Gazette, No. 6, June, 1949*

TABLE 2

EMPLOYEE CO-DETERMINATION IN THE FEDERAL REPUBLIC OF GERMANY (1980)

Type of Organization	No. of Workers	Codetermination
Montan Industry	0.6 Million	Parity on Supervisory Board
Large Corporations (over 2,000 employees)	4.1 Million	Equal Number of Seats on Supry. Board
Small Corporations (500-2,000 employees)	0.9 Million	1/3 Parity on Supry. Board
Other Organizations (5 up to 500 employees)	9.4 Million	Only Codetermination via Works Council
Public Service	3.6 Million	Only Codetermination via Personnel Council
Small Organization	3.0 Million	No Codetermination
Total:	21.6 Million	

Adapted from: Barthel, E. and Dikau, J. *Mitbestimmung in der Wirtschaft*, Colloquium Verlag, Berlin: 1980. Translated and arranged by the author.

TABLE 3
PREVALENCE OF WORKS COUNCILS IN SELECTED GERMAN INDUSTRIES (1978)

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TABLE 4
GERMAN CODETERMINATION LEGISLATION

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TABLE 4
GERMAN CODETERMINATION LEGISLATION

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CHAPTER 5

COLLECTIVE BARGAINING

Introduction

Collective bargaining is a process of joint decision-making. Its chief purpose is the negotiation of an agreed set of rules to govern the substantive and procedural terms of the employment relationship. There can be little question about the broad acceptance collective bargaining has gained in most industrialized countries. One might say that collective bargaining has become so firmly entrenched in the past four or five decades that it is sometimes regarded as representing the essence of the prevailing system of industrial relations in a country (Canada, 1968).

There are various sources from which collective bargaining draws its strength. First, it is a highly flexible method of decision-making which is reflected in the diversity of agreements that can emerge from collective bargaining negotiations. Second, it is an instrument for applying widely held notions of equity or social justice to the industrial setting or the labour market. Third, collective bargaining is a means of ensuring workers' participation in decision-making. The notion that workers are entitled to participate in setting the terms of employment under which they are to work is inherent in collective bargaining. A co-determination framework (see Chapter 2), collective bargaining is probably the most effective mechanism to democratize the workplace in most, if not all, countries. (I.L.O., 1981: 22; Schregle, 1976; Newton, 1977:19).

Several scholars have noted that the Canadian collective bargaining system has been remarkable in its ability to function in very different industrial settings and employee occupations. Although it was essentially developed in the private sector, and initially employed by unions representing employees in the traditional industrial occupations, today's applications of collective bargaining are highly diverse (Hameed, 1975; Williams, 1973:17-33). Its emergence in the Canadian public sector since the late 1960's is a prime example of such application.

For all of these reasons we haven chosen to present our analysis of the collective bargaining systems operating in the two countries at the very beginning of our empirical chapters. This approach will also assist us in highlighting the independent role of unions, employers and associations.

The Canadian Experience

Typically, the vast majority of Canadian union-management negotiations take place at the local plant level. The primary participants in the bargaining process are members of the union's local-plant negotiating committee and members of local management. Basically, collective bargaining is a "grass roots" activity, though there are many examples of bargaining structures in settings involving several plants and several employee groups of the same employer. This process is often described as "company-wide bargaining". But there are also bargaining structures where one or more unions bargain with different employers; this process is referred to as "multi-employer bargaining." Although the structure of bargaining may be more complex, the objective is still to negotiate an agreement covering all plants, employers and employee groups within the given structure (Christy, 1975:187-204); Anderson and Gunderson, 1982:181-183). For the reader's convenience, the variety of Canadian bargaining structures has been summarized in Table 5 at the end of this chapter. In addition to different structures, collective bargaining can also be observed in many different industrial settings in which the size of employer and employee groups range from very small to very large units. The fields of activity include resource development, manufacturing, transportation, construction, agriculture, and service, and there is hardly a field of industrial endeavour which has not experienced some form of union-management negotiating activity.

In Canada, the most appreciable growth in collective bargaining has occurred in its extension into new and quite varied employment occupations. From the traditional occupations of trades, manufacturing and transport ("blue collar" occupations), the Canadian collective bargaining system now covers workers such as school teachers, virtually all occupations in the health-services sector, employees of government and its agencies, commercial air line crews, university professors, and even physicians and surgeons. Moreover, the range of issues subject to bargaining have also increased from chiefly pay-related and fringe benefit provisions to issues of technological change, work methods, promotion and layoff procedures, matters of productivity improvement, union security, etc. (Crispo, 1978:372ff; Anderson and Gunderson, 1982:199).

The prevalence of unions in the Canadian economy, their membership and occutional representation in the various industrial sectors are shown in Tables 6, 7 and 8 at the end of this chapter. The gradually escalating recession climate since the late 1970's and early 1980's has seemingly had an impact on the memberships of some unions in terms of increases in some and losses in others (see, for example, increases in government and service employment and losses in the membership of unions operating in the private sector).

Bargaining Structure

Collective bargaining has fostered a firm ideological commitment in union leaders to its capacity of generating truly participatory exchanges. This is why Canadian unions have always scorned what they call "quasi-participation efforts" (voluntary initiatives aside from collective bargaining) introduced by management. They prefer collective control over decisions via collective bargaining where other initiatives have failed to do so effectively (King, Streufert and Fiedler, 1978; Guest, 1979).

In the United States, for example, a conference of the Western Assembly of Workers (WA, 1974) added some flavour to this frequently expressed view in that it recommended negotiated experiments with worker-elected supervisors (without disciplinary powers), whose primary function would be the overall co-ordination of work group activities. Moreover, most of the recent innovations including job re-design, autonomous work teams, participative employee-supervisor relations, flexible work schedules and incentive pay schemes have been quite compatible with the collective bargaining system. This is so, because of its pragmatic quality and its flexibility in response to changing conditions and employee needs.

Management has, for the most part, vigorously contested the range and scope of the issues that are subject to bargaining as an invasion of managerial functions. Fox (1974) has labeled this situation as a state of "institutionalized distrust" which is present in many bargaining situations. Both parties have applied various power strategies to their relationship until a crisis stage is reached, often at the strike deadline. At this point, the parties may shift position and work out some sort of accommodation, or they may prefer to protest each other's decision-rules. Such crisis bargaining appears to be largely responsible for the parties' frequently inflexible attitudes, and their legalistic and adversarial orientation (Anderson and Gunderson, 1982; Craig, 1983).

In Canada and the United States, much controversy remains over just what means are appropriate for increasing employee participation in the management decision cycle in a more stable and balanced way (Chamberlain, 1965; Walton and McKersie, 1965; Crispo, 1978; Craig, 1983). In examining the Canadian system of collective bargaining, we will, based on our analytical framework, make two basic assumptions. First, we will assume that the extent of power-sharing that occurs in organizational bargaining is conditioned by three factors: (1) the nature of the bilateral decision structure (the level of decision-making its represents, its permanency, the nature of worker representation it provides, its possible fragmentation etc.); (2) the impact of management policy and/or legal statutes on the conduct of enterprise participation; and (3) the kinds of mechanisms that are available to the parties for the resolution (or management) of conflict that may arise from their bargaining encounter. Second, we will assume that any bilateral decision structure in business organizations is (by our definition) also a bargaining structure.

In Canada, collective bargaining occurs (with some exceptions in the construction industry, the public sectors and organizations coming under federal jurisdiction such as airlines, and shipping companies) at the enterprise level; it is of a strictly contractual nature. It has given birth to six alternate bargaining structures that vary with the particular industry in which they are located. The enterprise nature of bargaining and its variation with industry is shown in Table 5 at the end of this chapter.

The economic environment, organizational and representational factors, the nature of bargaining issues, etc., all have a decisive influence on what structure will emerge in a given labour-management relationship, but the role of government policies is definitely crucial. As Anderson and Gunderson (1982) have noted, these policies have a direct impact through legislation designed to determine the actual composition of the election unit as well as an indirect impact through legislation which may place pressure on the parties to expand or contract the scope of the negotiation unit.

For example, the Canadian provinces have the right to establish any criteria they wish for the certification of bargaining units as well as administrative rules concerning the scope and composition of the bargaining units. Therefore, whether a bargaining unit is narrowly or broadly defined is greatly influenced by the decision of the appropriate provincial labour relations board. Labour relations boards also influence bargaining structure through their role in establishing centralized employers' associations through the certification process (often called accreditation). This places increased pressure on the unions involved to adjust their bargaining structure to the same level of centralization (Rose, 1980).

In general, most Canadian jurisdictions have favoured the inclusion of maintenance and craft workers within units of production workers when all work together in one establishment. The scope of the bargaining unit is also affected by socio-cultural factors, such as decisions concerning the inclusion of professional and part-time employees in bargaining units composed of non-professional and full-time employees. Thus, the size of the bargaining unit which results is very much determined by governmental legislation and regulation, and the particular preferences of provincial labour-relations boards for the formation of such units.

The collective bargaining process permits worker access to the highest level in the enterprise decision hierarchy. Most decision rules on local issues are, however, of limited range and scope, and likely to be controlled by employer policy at all levels of the decision hierarchy (especially during a recession). Hence, worker participation in management is more apt to be exercised in the decision outputs of the cycle, e.g. implementing employer-controlled decision-rules. Also, differences in issue expertise between management and worker representatives at the local union level are likely to be more profound than at the industry level where professional know-how in bargaining strategies and issue expertise appear to be far greater.

Management Policy and Statute

Rising world market competition and the introduction of new technologies has affected participation via the collective bargaining process in Canada in basically three ways. In the absence of statutory guidelines, collaborative efforts were developed by rearranging bargaining sessions, using different bargaining structures, and making innovations in the bargaining process itself, such as single-team bargaining, or what Walton and McKersie (1965: 126ff) have called "integrative" bargaining. This shift from the traditional adversarial stance in bargaining to a more conciliatory approach to contract negotiations occurred during the 1970's.

One characteristic of the adversary or "distributive" approach to bargaining is the setting of deadlines and conditions for continued negotiations. Here, as Likert and Likert (1976) have noted, it is of great importance that the time period set aside for the negotiations is adequate and free of deadline pressures. This is necessary for a "win-win" solution to emerge instead of a none too rare "win-lose" fiasco. Such "early-bird" negotiations (as they have been called) have been used with some success in both Canada and the United States, and are also known as pre-bargaining, pre-negotiating, or simply study committees.

In this kind of negotiation, the parties usually have a negotiation plan and a timetable. An appropriate target date for settlement and a reasonable time frame for the negotiations are, of course, of prime importance. A target date differs from a deadline in that it is a goal to strive for with little or no threat attached to it. Through the removal of deadline pressures, the parties are placed in a position where a more incisive consideration of agenda items and a more thorough search for alternative solutions is greatly facilitated. Also, the extra time available may induce the parties to consult with each other more in the capacity of a working committee than as protagonists (Rumball, 1975; Peterson and Tracy, 1978).

In Canada, the negotiating teams at Ontario Hydro, for example, have held pre-bargaining meetings for several years. These meetings usually start in late October even though the contract does not expire until March 31 of the following year. Pre-bargaining has been used at Ontario Hydro to bring together the main union and management committees for a better understanding of technical issues (pensions, insurance, sick leave and costing). The meetings are used further to prepare the parties for the negotiations by supplying them with a common statistical and financial information base. There are other variations on this theme. For example, early bargaining occurred in the 1974 Canadian Railway negotiations. Meetings between the parties started, by design, in early July even though the various contracts (seventeen unions bargaining together) did not expire until December 31 (Anderson and Gunderson, 1982).

Industry-wide (or sector) bargaining committees, which in Canada are especially prevalent in the construction, and education and health services fields, have proven useful in reducing otherwise turbulent and prolonged negotiations, resolving jurisdictional disputes and opening up communication channels for industry-wide labour-management co-operation. The establishment of broader-based bargaining structures is in various stages of development across Canada, although there are substantial variations in public policy and statutory treatment of the bargaining process among the provinces concerning this particular issue (Weiler, 1976). In the construction industry, for example, some indication of the great variation of public policy (with the exception of Prince Edward Island) can be gleaned from Figure 2 on the pages following.

Another more participative form of collective bargaining is single-team or "integrative" bargaining (to use Walton and McKersie's term). This is a process where the parties combine resources to resolve items on the agenda as though all individuals were members of one team instead of two opposing

Figure 2
PUBLIC POLICY AND BARGAINING PATTERNS
CANADA (1980)

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Figure 2
PUBLIC POLICY AND BARGAINING PATTERNS
CANADA (1980)

(Pages 172 and 173 removed due to copyright problems)

teams. The effectiveness of this approach is enhanced by the parties' agreeing on less formal seating arrangements which, in their view, introduces an improved climate at the bargaining table (Rumball, 1976). This idea is not entirely new, was pioneered by Sommer (1965) and further experimented with by Russo (1967). In addition, it complements the dynamics of Walton and McKersie's (1965) model of integrative bargaining which represents a cornerstone in their behavioural theory of labour negotiations. Importantly, however, single-team bargaining, first applied to non-monetary items, appears to have had a carry-over effect on monetary items, resulting in smoother and quicker negotiations (Crossman, 1975).

Single-team or integrative bargaining was first applied in Canada during the early 1970's in the negotiations of Labatt's Breweries with a bona fide trade union (Rumball, 1975). However, the most singular achievement to have resulted from a rather innovative application of the single-team bargaining concept is the design and operation of the Shell Canada chemical plant in Sarnia, Ontario. This project illustrates a sociotechnical systems design, involving Shell management personnel and representatives of the union, the Energy and Chemical Workers Union (ECWU), from the start, based on a philosophy statement that served as a guiding framework. This statement made clear that the primary objective of the Sarnia Refinery and Chemical Plant was to "obtain an optimum return on investment in capital and human resources, operating in a safe environment as a responsible member of the community, while being responsive to its employees' needs" (Halpern, 1984).

Both parties agreed that the make-up of the collective agreement should reflect the general aims of the philosophy statement and the resulting organizational design. The assumptions of trust, maturity and responsibility, and capacity for self-regulation and problem-solving should also extend to the area of labour relations. A collective agreement composed of tight rules and regulations was, therefore, regarded as inconsistent with a workplace design based on minimal specification. For this reason, a contract was desired which would specify the absolute minimum, and provide only a framework for management and employee work relations. The responsibility for filling in any necessary details would be left with the work force.

The complete text of the original agreement was signed in 1978 and has been renegotiated several times to date with virtually no change. Importantly, the contents of this agreement are contained in eight pages, as compared with seventy-five for the traditional Shell agreement covering employees at the adjoining refinery. Also, the agreement contains neither a management's rights clause nor a specified grievance procedure (Halpern, 1984:51). As noted by Davis and Sullivan (1980:58), the collective agreement states only that "there shall be developed and maintained a system to ensure the prompt and equitable resolution of problems at the plant."

With the exception of such isolated union-management co-operation efforts, the Canadian enterprise bargaining system lacks, however, the central controls of an industry-wide bargaining system, such as, for example, exists in the Quebec construction industry (see Figure 2). The expression of particularistic interests of local unions in their relations with enterprise management seem to lack the strength to develop sufficient autonomy over the decision cycle to shift the relative bargaining power appreciably in labour's favour for the achievement of more equitable participation arrangements. Employers are more likely to evaluate the issues presented by local unions as "unqualified", "excessive", or not representative of their industry than the issues contained in proposals by industry-wide units.

It seems that Canadian management policy on participation via collective bargaining has consistently expressed reluctance in negotiating special participatory arrangements directly into the collective agreements. Underlying this is a fear of losing control over the negotiations at some point in the future and setting 'undesirable' precedents that may raise industry ire or threaten their competitive edge in product markets. This explains why, in instances where such collaborative structures in the form of labour-management committees have been negotiated directly into a collective agreement, the participants are frequently barred from discussing resource-based issues contained in it (Waldie, 1986:156).

Conflict Resolution

Apart from the prohibition of strikes/lockouts during the term of a collective agreement, Canadian labour legislation does not contain any conflict-inhibiting provisions in the various jurisdictions, except for the 'good faith bargaining' requirement. However, this is an extremely obscure concept which seemingly causes problems in at least three major areas: problems centering around the extent to which the parties attitudes toward collective bargaining conflict with 'good faith'; problems when discussions at the bargaining table constitute 'bad faith'; and problems associated with the use of economic power (Palmer, 1966; Philips, 1977:97). In this context, Bemmels, Fisher and Nyland (1986:611) have noted that Canadian labour relations boards are still experiencing some difficulty in drawing a dividing line between 'hard bargaining' and 'good faith bargaining'.

The Report of the Task Force on Labour Relations (Canada, 1968:163) summarized the general situation which applies in most Canadian jurisdictions: "We do not think it is useful to industrial relations in Canada to put the issue of good faith bargaining into such an elaborate jurisprudential container (as does the United States). The duty to bargain is not a duty to agree; nor does the right to bargain grant a right to a particular bargain .... we cannot envisage such a duty being amenable to legal enforcement, except perhaps to the extent of an obligation to meet and exchange positions."

In the Canadian industrial relations system, the institutionalization of conflict has traditionally been reactive, and is usually accomplished in three ways: (1) enterprise problem-solving, (2) government mediation, and (3) binding decision-making by *independent* third-parties.

Enterprise problem-solving has already been mentioned in our discussion of the historical emergence of participation in the previous chapter, and will, to some extent, occupy our interest in the chapters following. Many of the labour-management committees we mentioned were specifically restricted to issues outside collective agreements (Waldie, 1986:156; Thacker and Fields, 1985:170). As we shall see in later chapters, this is still the current state of affairs in many Canadian bargaining units. While the device of the labour-management committee has been incorporated in an increasing number of collective agreements, not many allow the discussion of issues reserved for contract negotiations. Thus, apart from serving as communication channels vis-a-vis management on largely management identified issues, their contribution toward institutionalizing the resolution of conflict is in a number of cases questionable. Morever, in the non-unionized sector, these committees have also been used to stall any perceived drive for unionization.

Government mediation is a common form of dispute resolution in the Canadian enterprise bargaining system where the mediator acts as a facilitator in the bargaining exchange between labour and management. As Kochan (1980) has indicated, the main tasks of the mediator are to secure the trust of the parties, become familiar with the issues and obstacles to settlement, evaluate the general climate of the negotiations and identify the roles of the various members of the negotiating team. Further, during all of these stages, the mediator may have to aid the parties in resolving intra-organizational conflicts, help the negotiators save face and suggest compromise solutions (Anderson and Gunderson, 1982:238). Importantly, however, the mediator has no power or authority to impose a settlement.

Some empirical evidence indicates that the parties to mediation rather than the mediator play the dominant role in shaping the mediation process. This appears to be especially true in cases where the mediator is dealing with experienced professionals who have a clear understanding of the range and scope of the issues involved as well as the strategies to be employed for achieving bargaining results (Kochan and Jick, 1978). Moreover, the effectiveness of this kind of third-party intervention appears to vary with the magnitude and intensity of the conflict between the parties: where important issues are at stake and conflict is intense, the mediation process seems to be less effective (Bigoness, 1976:185).

Fact-finding is a more formal process than mediation and is often engaged in by conciliation boards. The objective of this procedure is also to obtain a voluntary settlement of the parties' differences. Yet, this procedure adds the inducement of bringing public pressure to bear on the parties as a consequence of releasing the outcome of the process to the public. The general experience with fact finding reports, however, appears to be that a significant public reaction to the report is seldom if ever heard, so that the settlement of the dispute ultimately depends on the recommendations of the fact finder and the motivation of the parties to settle (Anderson and Gunderson, 1982:239). Based on our theoretical framework, we suggest that the motivation to settle is likely to be greater where worker representatives have sufficient expertise and skills in handling the issues on hand effectively and where the statutory treatment of these issues (where it applies) is favourable to labour's cause.

More recently (since about 1978), several Canadian provinces have introduced preventive mediation programs to forestall the recurrence of severe confrontations. Although Downie (1981:63-86) has noted that government can only stimulate labour-management co-operation through indirect means, government sponsored labour-management assistance programs appear to be on the increase in most provinces during the 1980's (Fricke, 1983).

Preventive mediation techniques are used as participatory arrangements in situations where a crisis in the labour-management relationship is just on the point of developing, and which could reflect adversely on future contract negotiations between the parties. Preventive mediation has been defined as:

> ....all efforts by the mediator, other than dispute mediation, to improve labour-management relations and to promote the understanding and implementation of responsible collective bargaining policies and procedures (Alberta, 1982).

The purpose of a preventive mediation program is: (1) to provide the basis for improved communications between all levels of unions and management, which should minimize misunderstandings, build credibility, and improve relationships, thus enhancing the prospects for peaceful resolution of contract negotiations, and (2) to provide the parties to a collective bargaining relationship with a mechanism whereby they might begin and/or continue to work cooperatively in those areas not specifically covered by the collective agreement (Alberta, 1982).

It seems that labour and management will use preventive mediation prior to a very serious crisis in their relations only on rare occasions. This view gains some support from extensive empirical research that has been carried out on this subject, and the experience of mediation agencies in Canada and the United States (Kolb, 1981; Kochan and Jick, 1978; Lewin and Feuille, 1983). The results of these studies tend to confirm the findings of Bigoness (1976), and show that, if a dispute has reached a stage of great intensity, mediative intervention will be less effective. In short, mediation works best when the parties are already under strong compulsion to resolve their differences.

Apart from preventive mediation programs such as first-agreement orientation, grievance mediation, problem-solving committees and joint first-line supervisor/shop steward training programs, the R.B.O. (Relationship-by- Objectives) program has been used in Canada since 1978. Originally introduced by the Federal Mediation and Conciliation Service in the U.S. during the mid-1970's, this program was first used in Canada by the Ontario Ministry of Labour in 1978 with some success (Downie, 1982:334-35).

The R.B.O. program applies some techniques from the field of organization development, especially the intergroup laboratory work pioneered by Blake and Mouton (1964 and 1965). R.B.O. aims at improving communications between labour and management, and generally sets out to reduce or eliminate misperceptions between the parties which have accumulated over a period of time. The program uses a joint consultation committee structure similar to that preferred by action planning QWL groups. The goals of this program fall under one or more of several headings:

- labour-management communications
- management attitudes and practices
- union attitudes and practices
- foreman/job steward relations
- training needs

The program is initiated either by a mediator recommending it at the close of contract negotiations, or by senior representatives of management and labour separately or jointly requesting it at the conclusion of negotiations or during the term of the collective agreement. The program has seven steps in which the participants (including top union and management representatives) identify and work out strategies to resolve their differences through a discussion of issues that are broad enough in scope and, where necessary, detailed enough for immediate action. This process is very similar to certain aspects of the socio-technical approach used in QWL programs. The joint labour-management committee which is (usually) established at the end of the seven-step process is then made responsible for: (1) maintaining labour-management commitment to a number of mutually established goals and alternatives for action, (2) adhering to definite action steps and periodic meeting dates, and (3) devising a communication mechanism to the lower management and employee ranks (Popular, 1977).

The R.B.O. technique is, in essence, a new dimension of consultation and co-influence between the parties, beyond those traditional areas covered by the collective bargaining process. It does, indeed, give workers access to higher levels of decision-making and deals constructively with matters that do not lend themselves to collective bargaining, and have been neglected to the detriment of both the employer and workers. It provides a framework within which labour and management can work together co-operatively in support of compatible objectives. However, it excludes central issues such as wages and working conditions from its agenda and is used only in near-crisis situations. Yet, it permits a fair degree of worker participation in the decision cycle by providing expertise in the formulation of decision rules. By mutual agreement of the parties, conflict and power-play are almost eliminated from the start, and no decisions are imposed on labour by management. Also, the autonomy of both parties in discussing and disposing of issues is (within R.B.O.'s terms of reference) upheld fairly well, provided that the parties abide by the rules of the program i.e. the principles they have set out to meet.

A case in point where both management and workers had committed themselves to the application of R.B.O. and achieved success is Budd Canada at Kitchener, Ontario, a subsidiary of a U.S. manufacturer of auto-frames. In the late 1970's, the viability of this long-established company was threatened as a result of severe market pressures and a steadily deteriorating labour relations climate. In just one year the company had experienced a total of 68 wildcat strikes; grievances were 16 per hundred employees, and absenteeism was at an all-time high. The company recognized the need to enlist the co-operation and day-to-day involvement of its employees, and was willing to try a new management technique.

With some urging from the Ontario Ministry of Labour, the company and Local 1451 of the United Autoworkers' Union agreed to accept R.B.O. mediation from the province. Following an intensive process of mediation using R.B.O., the company and the union concluded a 26-page document now known as "The Hamilton Manifesto." The company undertook to encourage consultation on job-related issues and to be open to employee suggestions through daily contact. Groups of managers and union representatives would go off-site about four times a year for a training and idea exchange seminar. As of September 1985, 13 teams of 12 employees meet once a week. When the group develops a recommendation, management is required to give a prompt response. It must either approve the recommendation or give a reason for not implementing it. In order to achieve the objective of smooth consultation, the company presently employs two full-time facilitators. It seems that the labour relations climate at the plant is now one of openness and cooperation, which has allowed the company to achieve a dramatic turn-around from losses to a very satisfactory profit level (Lilley, 1984:91-100; Canada, 1985: 7-9).

Presently, the R.B.O. concept is an integral part of preventive mediation techniques in Ontario, Quebec, New Brunswick and Alberta with British Columbia moving in this direction.[1] As noted earlier, however, the success of the program requires a strong prior commitment from both the employer and the union to identify and resolve issues which have historically been at the root of their current adversarial stance toward each other.

Binding decision-making by third-parties is represented largely by two forms of arbitration, conventional and final-offer. These methods require the contending parties to submit the issues in dispute to an arbitrator or panel of arbitrators whose decision is binding on both union and management. Arbitration tends to undermine (or "chill") the bargaining process. Both parties know that the arbitrator is likely to split the difference between their final positions, and they consequently hold back concessions during bargaining in fear of losing at arbitration (Champlin and Bognanno, 1985). Moreover, the arbitration procedure has engendered criticism, because once the parties have used arbitration, in each subsequent round of negotiations they will continue to rely on the arbitrator to determine the terms and conditions of their collective agreement ("narcotic effect"). Both of these criticisms have, for example, been supported when examining the arbitration system in the Canadian federal public service (Anderson and Kochan, 1977; Chelius and Extejt, 1985).

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[1] For Ontario see: Anderson and Gunderson (1982) op. cit.; 'La Mediation Preventive', Government of Quebec, Ministry of Labour, February, 1983 for Quebec; 1983-1984 Annual Report, New Brunswick, Department of Labour and Human Resources, Fredericton, N.B.; 1983-1984 Annual Report, Alberta Labour, Edmonton, Alberta. Also: Broschure 'Preventive Mediation', Mediation Services Branch, Alberta Labour, Edmonton

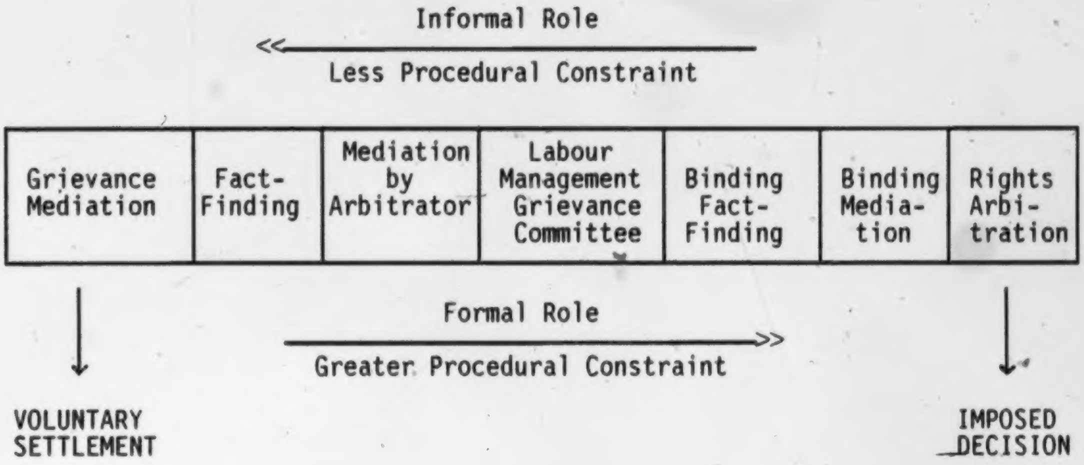
It is not our intention here to discuss the various third-party modes of dispute resolution in detail, but rather to indicate their potential shortcomings as well as the procedural constraints they impose on the parties. Gregory and Rooney (1980) have provided a general conception of the third-party role in relation to the procedural constraint issue in diagrammatic form which is given in Figure 3 on the page following.

This diagram illustrates the numerous variations in third-party assistance that are available to the parties whenever they have reached a deadlock in the bargaining process. Thus, while collective bargaining is co-determinative in nature, conflict resolution (especially in severely deadlocked negotiations) is seemingly not, and instead may be "contracted out" to a third-party in the Canadian industrial relations system. By this statement we mean that the parties are no longer prepared to face each other in a decision-rule setting situation (with or without the assistance of outsiders), but shift the entire decision process to the office of an outside agent (mediator, arbitrator, labour relations board etc.).

Government mediation procedures are, in our view, expensive to maintain from the taxpayer's point of view, while their overall effectiveness is, at best, controversial. Moreover, the current practice of "contracting out" the decision process to independent arbitrators promotes some severe misgivings for the future relations of the parties.[2] Instead, it is quite possible to conceive of an enterprise level conflict resolution mechanism, in the form of a compulsory enterprise mediation-arbitration (med-arb) committee, on

Figure 3

GENERAL CONCEPTION OF THE THIRD-PARTY ROLE (CANADA)


Informal Role
Less Procedural Constraint
Grievance Mediation
Fact-Finding
Mediation by Arbitrator
Labour Management Grievance Committee
Binding Fact-Finding
Binding Media-tion
Rights Arbi-tration
Formal Role
Greater Procedural Constraint
VOLUNTARY SETTLEMENT
IMPOSED DECISION

Source: Gregory, G. and Rooney, Jr. R. "Grievance Mediation: A Trend in the Cost-Conscious Eighties," Industrial Relations Research Association (I.R.R.A.), Proceedings of the 1980 Spring Meeting, April 16-18, 1980 which labour and management are equally represented. In addition to the labour and management representatives of the enterprise, this committee could have a neutral outside chairman (government mediator or other person) agreed upon by the parties, and two other neutrals.

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[2] In this context, Zack (1986:41), for example notes that, instead of being the last resort, fact-finding and arbitration have become "the dumping ground for disputing parties unwilling to face the responsibility of their office of resolving their contract impasses through direct negotiation on their own. By deferral to fact-finding and arbitration and reliance on the neutral's decision-making authority, the parties have abdicated their own authority. It becomes ...the arbitrator, who is responsible for what becomes the contract."

In more concrete terms, management could be represented by top management and a representative of an appropriate employers' association (or legal counsel of either). Labour could be represented by a full-time union official and counsel for the union. The two other neutrals, one appointed by each party, could be consultants in the area of dispute resolution from government or a university faculty, for example. Should the parties elect the binding arbitration route, the decision-rule (award) to be rendered could be arrived at by majority vote, with the chairman casting an extra vote in case of a 'tie'. This would allow both parties to save face following the committee's decision, as *both* have been intimately involved in setting the decision rule. In our view, it is the required presence of these additional outsiders which is likely to compel the parties to negotiate a strictly in-house settlement. If this committee cannot resolve the parties' differences, the present strike-lockout option would still be open to the parties after (say) a 30 days "cooling-off" period following the day the committee has rendered the award.

In contracting out the setting of decision rules that are vital to the enterprise to a third-party, labour and management's role in the decision cycle is reduced to that of informant and (if one wishes) bearer of testimony *against the other* in the input stage of the cycle (as exemplified in Canadian arbitration and labour relations board hearings). Ironically, the parties are then required to *jointly* implement the results of the imposed decision (award) in the output stage of the decision cycle.

This procedure does nothing more than creating a situation of mutual "surveillance" rather than of trust and co-operation following the rendering of the award. The reason for this is obvious: as there can only be one winner and one loser (as in distributive bargaining), management will engage in a fault-finding mission with the objective of getting even with the union if the award has been rendered in the union's favour. If the award has been in favour of management, the union may "protest" it by supporting membership attempts at stealing time belonging to the employer, such as working-to-rule, conducting study sessions, taking advantage of time off for sick leave, or engaging in other manouevres harmful to productivity.

In summary, we acknowledge that the ideological commitments of managers and worker representatives will have a substantial impact on the degree of participation that will develop in the management decision process. However, in the Canadian context, there would also seem to be at least two systemic obstacles to the enhancement of participation in collective bargaining. One is the nature of the bargaining structure, which confines the discussion of resource-based issues largely to the collective bargaining process. The other is the absence of a compulsory enterprise committee structure for impasse resolution whose final decision is *essentially binding for both* *employer and workers, but leaves the strike/lockout option intact.* The combined effects of these factors do, in our view, considerably lessen the great potential of collective bargaining as an effective co-determinative decision framework in the Canadian industrial relations system.

Despite these apparent barriers (which are not unsurmountable), it is precisely the small scope of conflict institutionalization and what appears to be a spirit of 'voluntary experimentalism' (as expressed in the Shell Sarnia experiment) created by the enterprise bargaining system itself which has historically contributed to the unfolding of participation-minded entrepreneurship in the system. The Catch 22 situation is that any undue increase in state administered conflict regulation (or heavy institutionalization) is also likely to lessen the potential for genuine participation. Put otherwise, we firmly believe that the degree of conflict potential which is allowed by the stakeholders (unions, employers and government) to remain in the system is directly related to the degree of genuine bilateral participation that can emerge.

How can we explain the reluctance of the state to provide the legal framework enabling unions and employers to work out their problems through consultations? There are at least three factors in the Canadian industrial relations system that are inimical to such approach: First, the voluntarism underlying enterprise level government mediation and binding decision-making by independent third-parties has fostered a strong tradition in Canada which, despite the imperfections noted earlier, seems to have worked reasonably well for both employers and unions. Second, the role of government as a referee in regulating 'excesses' of collective bargaining rather than entrusting the bargaining parties with this task (within the confines of a legal framework) is also a firmly entrenched institutional practice in Canadian industrial relations. For example, in introducing the '6 and 5' public sector restraint program (The Public Sector Compensation Restraint Act-Bill C-124) in June of 1982, the federal government declared that the '6 and 5' program is "a cornerstone of the Government's program of economic stabilization and renewal...intended to set a clear example of federal leadership so that we can deal effectively with the problems of inflation, high interest rates and unemployment and of making our economy more productive."[3] Third, in addition to unfavourable employer attitudes toward unions, the public image of unions appears to have been tarnished in the past two decades as noted by the Gallup Poll Report on public opinions, conducted by the Canadian Institute of Public Opinion in November 1980 (Kumar, 1986:104).

The institutionalized practices as well as unfavourable employer and public attitudes toward unions would presently make legislated enterprise level consultations and dispute resolution with parity representation a somewhat doubtful political risk for the state. As Waldie (1986:198) indicates, decision-making with consultation is decision-making with fewer degrees of freedom, and there is every indication that the business establishment, assisted by the state, does not wish labour to have that much freedom (or alternative choices) during the present recession. In fact, the current economic crisis represents a somewhat ironic reversal of an early Gomperism that "pure and simple" unionism means the winning of better conditions day by day (Lipton, 1966:87). Instead of getting "better", conditions appear to look less promising for Canadian labour.

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[3] Statement by the President of the Treasury Board in the House of Commons, which was issued in the Treasury Board of Canada's News Release dated December 6, 1982 (mimeo).

The wage restraints legislated in 1982-83, which involved the suspension of collective bargaining and the right to strike in the public sector, also legislated conflict out of the Canadian industrial relations system and, therefore, sharply reduced opportunities for genuine worker participation in decisions at the enterprise level. Canadian labour has sought redress from such extreme government measures since the inception of the Canadian Charter of Rights and Freedoms in April of 1982. However, while it has been argued that Section 2(d) of the Charter on "freedom of association" secures the right of workers to bargain collectively with their employer as well as the right to withdraw their services via the strike, opposing judicial views on the interpretation of this section had, up to most recent times, created nothing but an ongoing debate (Carter, 1985:4-5). An early union victory was achieved in 1984 when the Ontario Divisional Court ruled that the guarantee of freedom of association contained in Section 2(d) of the Charter secured the right to bargain collectively, including resorting to strike action. Yet, the freedom of association argument has found less favour with other Canadian courts. Rulings by the British Columbia Court of Appeal, the Federal Court of Appeal and the Newfoundland Supreme Court, for example, did not interpret the Charter as providing constitutional protection to a trade union's right to bargain collectively and engage in strikes. Confirmation of this view is contained in a recent decision of the Supreme Court of Canada. In a 4 to 2 decision (with one justice abstaining), the Supreme Court ruled that section 2(d) of the Charter does not include a guarantee of the right to bargain collectively and the right to strike. In the Court's view, "the modern rights to bargain collectively and to strike...are not fundamental rights or freedoms. They are the creation of legislation, involving a balance of competing interests in a field which has been recognized by the courts as requiring a specialized expertise."[4] As well, section 33 of the Charter permits provincial legislatures to overrule its section 2 provisions, if they consider such measure as justified for the achievement of the common good. Moreover, Canadian courts have been reluctant to examine the broader social and economic issues in this particular argument (Carter, 1985:4-5).

While participation efforts will undoubtedly continue, they will be strongly influenced by ad-hoc and short-lived government-business alliances which have both consensual and co-optative features. These alliances are consensual as far as the business establishment and government are concerned, but they are co-optative for labour. Such co-optation of labour into the alliance is reflected in the federal government's introduction of the Anti-Inflation Program in October of 1975, at which time the Canadian Labour Congress (CLC) responded with a one-day national strike, known as the Day of Protest of October 1975. It is also reflected in the CLC's commitment to the existing legal framework as well as the inability or unwillingness of unions and the CLC to co-ordinate a response to the federal government prior to its enactment of the '6 and 5' public sector wage control legislation in 1982. For example, a resolution for action up to and including a general strike in the event that the government abrogated the right to strike was carried by a large majority at the CLC convention. However, when '6 and 5' became a reality the CLC established a committee to co-ordinate a response of the public sector unions, but none of the major unions was able or willing to mobilize their members in the summer and fall of 1982 (Long, 1984; Panitch and Swartz, 1985:61).

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[4] Supreme Court of Canada, Alberta Union of Provincial Employees (A.U.P.E.), Canadian Union of Public Employees (C.U.P.E.) and Alberta International Firefighters Association vs. Attorney General for Alberta, File No. 19234, April 9, 1987, pp.4-5

The reason for the shift in labour's attitude from one of protest to one of acquiescence is obvious. The 1975 controls were introduced in a period of economic recovery (steady employment growth at two percent per year and a rising GNP in constant dollars); whereas, the 1982 restraints were imposed in the midst of a deep recession with massive plant closures in the manufacturing sector and an unemployment rate of about 11 percent (Kumar, 1984 :13). Finally, the increasingly government-interventionist character of Canadian industrial relations can also be seen in the high incidence of government labour dispute regulation via ad-hoc back-to-work legislation enacted at the federal and provincial levels since the mid-1970's (see Table 9 at the end of this chapter).

Whether the ad-hoc and voluntary alliances between the business establishment and government will continue to exercise their impact on Canadian workplace relations depends on the extent to which union leaders as well as rank-and-file members are able to re-organize their thrust in response to the challenge. We agree with Panitch and Swartz (1985:66) that it is one of the paradoxes of depressions that they remind workers of the benefits of solidarity and collective action precisely because their employers are more likely to assert their authority. Canadian working people may, therefore, look upon unions with less complacency and hostility than in times past in order to protect or secure minimal job security, or defend themselves against unreasonable workloads and arbitrary discipline.

The Federal Republic of Germany

In contrast to the Canadian voluntaristic framework of collective bargaining, worker participation via the collective bargaining process in the Federal Republic of Germany is anchored in a rather elaborate and complex system of statute and contract. The formal collective bargaining machinery is represented by participation structures at the industry level and unites both unions and the appropriate employer federations in regional negotiations for a collective agreement. Employers' organizations are as centralized as the unions. The Confederation of German Employers' Associations *(Bund Deutscher Arbeitgeberverbaende-BDA)*, for example, represents 47 national employers' federations and 365 regional groups, which in 1977 covered 80% of all enterprises in the country (Fuerstenberg, 1984:618).

The BDA does not participate directly in collective bargaining. Rather it provides support as a co-ordinating body, and serves as a brain trust, operating a research institute and special research units. The real centres of employer power are, however, the BDA's member organizations. With the exception of rather isolated instances of enterprise-level bargaining (e.g., at the Volkswagen plant), it is the member organizations of the BDA who are the unions' bargaining partners. The numerous committees and subcommittees set up by the employers' federations play an important part in this respect by providing expert opinions and preparing policy guidelines (Fuerstenberg, 1984:618-619).

On the workers' side, collective bargaining is conducted by the membership of four workers' organizations: the German Federation of Trade Unions (DGB), which in 1982 had a total membership of 7,849,003 workers spread over 17 affiliated unions (see Table 10 at the end of this chapter); the Confederation of German Civil Servants *(Deutscher Beamtenbund)*, with 820,262 workers (1981); the German Union of Salaried Employees *(Deutsche Angestelltengewerkschaft)* with 499,439 members (1981); and the Confederation of Christian Trade Unions (CGB), with 294,916 workers (1981). The distribution of trade union membership over these organizations is given in Table 11 at the end of this chapter. As already noted in the case of the BDA, these workers' organizations do not engage in direct bargaining with the corresponding employer federations, as this is the responsibility of their affiliates, the unions (Fuerstenberg, 1984).

Some informal and periodic discussions on general economic and social issues, as they affect the collective bargaining process in an industry, do, however, take place between a union and the appropriate employer federation bargaining partner. Most of the issues discussed between the parties are industry-specific; concerns of a more general nature are referred to the Federation of German Trade Unions (DGB) and the Confederation of German Employers' Associations (BDA) for a final position on a given subject[5].

Bargaining Structure

Von Oertzen (1965) has defined 'co-determination' (the philosophical precept underlying participation in the Federal Republic of Germany) as: "...any immediate influence of employees on the management and shaping of the economic process....'Influence' here refers to any method by which employees can overcome total dependence on the desires of enterprise and plant management. It also includes any method by which these employees can counter the desires of management with their own desires, beginning with the most modest complaint or request for information and culminating in participation in the management of plant and enterprise".[6] This definition implies that the structure and operation of enterprises can achieve legitimation only by the consent of employees in all West German industries. Yet, as the following sections will show, there is a substantial difference between ideology and the workplace realities which the German neo-corporatist alliance permits.

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[5] This information emerged from an interview with Mr. Detlef Perner, Assistant editor of *W.S.I. Mitteilungen*, the official house organ of the Economic and Social Institute of the German Federation of Trade Unions, Duesseldorf, June, 1983

In contrast to the Canadian enterprise bargaining concept, the ideological underpinnings of which are local union jurisdictional autonomy from industry-level and national influence, German unions have historically vied for tri-partite co-determination of issues concerning the whole German economy.[7] When seen this way, the reader will gain a better understanding of the complex interlocking of statutory norms, contractual relationships and cooperative relations that exist in the West German system.

Collective bargaining in the Federal Republic of Germany is regulated by the Collective Agreements Act of 1974 *(Tarifvertragsgesetz)*, which determines the form, contents and procedures of bargaining as well as the rights and duties of the bargaining parties, which are "a trade union, an individual employer or an employers' association".[8] Provisions establishing freedom of association and bargaining autonomy are contained in the Constitution (The Basic Law). Bargaining takes place at two levels: in contrast to the enterprise-bargaining system which prevails in Canada and the United States, the negotiation of collective agreements in the FRG (as already indicated) largely takes place at the industry level between an employers' association and a trade union (region by region); and, more exceptionally it can also take place at the enterprise level.

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[6] Translation by the author

[7] This view has fairly recently been re-stated by a member of the Federal Executive Committee of the German Federation of Trade Unions during a national conference of German industry on the introduction of quality circles in Duesseldorf, September, 1983. See: Zimmermann, L. in QC, 1983, p. 273

A marked separation between statutory plant co-determination and voluntary collective bargaining at the industry level is one of the basic principles guiding the West German participation model. It is reflected in Article 77 (3) of the Works Constitution Act (1972)[9] which requires that:

> Works agreements shall not deal with remuneration and other conditions of employment that have been fixed by collective agreement. The foregoing shall not apply where a collective agreement expressly authorizes the making of supplementary works agreements.

Schredelseker (1983) makes it clear that such a separation of function, which sanctions a dual system of negotiation, is designed to prevent any spill-over effects, which severe union-employer confrontations in the area of collective bargaining may have on worker-employer relations at the shop-floor and plant levels.

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[8] International Labour Office, Legislative Series, 1969-Ger.F.R.4 Consolidated Edition

[9] The Federal Minister of Labour and Social Affairs, Co-Determination in The Federal Republic of Germany, Bonn: 1980, p. 143

This ideological position is reinforced by a preference of unions in the Federal Republic of Germany for industry-wide bargaining structures. As Streeck (1981) has pointed out, enterprise bargaining *(betriebsnahe Tarifpolitik)* never became official union policy, as it tends to undermine the control of industry-level over work place-based union organization, diminishes solidarity, raises the threat of shop-floor autonomy, and may result in fragmentation of the bargaining system. An often cited example noted by Streeck (1981) is a situation in which workers in a strong bargaining position would reserve their 'strike power' for local purposes, industry-wide collective agreements would achieve lower settlements, and the internal redistribution of bargaining power on which industrial unionism depends would no longer take place. Such union preference for industry-wide bargaining received reinforcement at the I.G. Metall General Congress in 1977 where a resolution was brought forward by delegates from a large automobile manufacturing firm requesting opening clauses in industrial agreements to allow for collective bargaining in individual firms. This resolution was turned down by a majority of about 90% of the delegates. The vote showed that the economic crisis of the late 1970's had not weakened but strengthened the unions' rejection of any form of decentralization (Streeck, 1981:160-161).

From the employers' point of view, decentralized bargaining increases the potential for greater union shop-floor autonomy and 'whipsawing' techniques, forcing employers to honour pay and benefit patterns established by certain employer groups in a given industry, as is the case in the North American collective bargaining system.

The alternative of plant (or enterprise) bargaining has been put forward from time to time, and is possibly justified by growing technological and economic differences at the firm level. However, employers, unions and works councils have consistently expressed uncertainty about the consequences of enterprise bargaining for their bargaining powers and internal organizational solidarity (Schmidt, 1972; Bergmann, 1975; IDE, 1981).

Issues for bargaining are wages (agreed upon at semi-annual, annual, or eighteen month intervals), and qualitative issues such as working conditions, training, humanization of work programs, employee participation in decision-making (agreed upon at, and regulated for longer periods of time - usually three years). Wage agreements *(Lohntarife)* and agreements covering qualitative issues *(Manteltarife)* are concluded separately at the industry level, and hence reduce employer or union 'logrolling' strategies.[10]

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[10] A union and employer strategy whereby one bargaining issue (say, the size of a wage increase) is exchanged for another issue or issues (say, extra time-off for certain purposes or greater involvement in shop-floor decision-making etc.)

During the late 1970's and early 1980's, increasingly unfavourable economic conditions due to foreign competition in product markets and automation have accelerated qualitative union demands. These have been summarized by Fuerstenberg (1984) as comprising five major issues: protection against the consequences of rationalization; job security; reduction of working time; improvement of working conditions; and skill-based pay systems. Bargaining agreements oblige both parties to observe industrial peace while the contract is in force (just like in Canada), and have the binding quality of regular laws. Union membership is voluntary, collective agreements are usually extended to cover non-unionized employees (the 'negative coalition' right) and closed-shop principles are illegal, so that no employee can be forced to join a union. The legally guaranteed autonomy of unions and employers *(Tarifautonomie)* seems to create a fairly large space for both parties in which to negotiate working conditions and special benefits. Moreover, as Schneider (1965) has pointed out, the industrial relations system in private industry is further characterized by the more specific principles of individual unions and employers' associations.

At the workplace or intra-plant level, the works council which represents all workers, whether unionized or not, may negotiate with the employer on certain issues that are subject to participation under the Works Constitution Act of (WCA) of 1972, although these negotiations do not lead to collective agreements in the legal sense of the term. Such negotiations can be crystallized into works or plant agreements *(Betriebsvereinbarungen)*, and their results be used to regulate specific employer and works council concerns or work humanization projects beyond the minimum standard-setting rules of an industry-wide agreement (Kador, 1981; Fuerstenberg, 1984).

In this context, Daeubler (1982) has pointed out that works agreements resemble 'miniature collective agreements' in that numerous principles of industry-wide agreements are also reflected in these enterprise-level contracts *(Betriebsvereinbarungen)*; hence, they are interpreted just like industry agreements proper. However, a works agreement departs from an industry collective agreement in some significant respects: (1) works agreements cover all employees in the establishment, and union membership is of no consequence; (2) works agreements are limited by the stipulations contained in industry agreements, as the latter have more important legal status; also they are not permissible when the particular substance of the issues involved is customarily regulated under an industry agreement subject to the Collective Agreements Act (1974)[11]; (3) in contrast to industry agreements, works agreements are subject to adjudication by the labour courts. Works agreements are much less able than industry agreements to guarantee a mutually acceptable accommodation of interests between the parties. For example, a works council cannot threaten with strike action to back up worker demands, and can only assist the fulfilment of such demands by declaring its intent to refer the matter to the conciliation committee; (4) works agreements are subject to a three months' notice period that can be invoked by either party, if no other arrangement has been made. Extended expiry dates can, therefore, be negotiated only, if the employer is willing to accommodate the works council on this point; and (5) in contrast to the works council's responsibility for administering industry-wide agreements, the implementation of works agreements is solely the responsibility of the employer; importantly, the works council is legally constrained from providing any inputs concerning the ways and means used by the employer in starting and operating an agreed upon project (Daeubler, 1982:286).[12]

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[11] I.L.O. Legislative Series, 1969 Ger. F.R. 4, op. cit.

This means that not only can the employer determine whether or not he wishes to conclude a works agreement with the works council, but also can fully control its implementation. As the reader will see in the chapters following, there is a whole system of legal checks and balances that apply to plant level negotiations which severely limit the ability of works councils to exercise autonomy over the management decision cycle in terms of the nature, range and scope of issues involved.

Aided by the lawmakers, the West German industrial relations system has established some unique *informal* practices to integrate both industry-wide and enterprise bargaining. This can, for example, be seen in the custom of 'second round' wage negotiations in German firms within the framework of co-determination. Since industry collective agreements are legally binding on the union as a whole, demands in firms with above-average economic performance for additional increases on top of the general increase cannot officially be raised by union representatives. However, they are taken up unofficially by the works council in an ingenious way: frequently by using its right to veto overtime work in keeping with Article 87 (3) of the Works Constitution Act (1972)[13] (Streeck, 1981; Crouch, 1982).

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[12] see also: Article 77 (1) of the Works Constitution Act, in: The Federal Minister of Labour and Social Affairs, *Co-Determination in the Federal Republic of Germany*, Bonn: 1980, p. 143

Employers who fail to respond to additional wage demands by the works council may have to face continuing resistance to overtime, which can be extremely disruptive and costly. Confronted with this prospect, employers are usually prepared to negotiate with works councils over pay, though works councils are neither permitted to engage in such negotiations nor have the right to call a legal strike. Since pay bargaining by works councils is illegal, it is conducted in relative secrecy by both sides (Streeck, 1981). It is, therefore, less likely than collective bargaining proper to have a 'leap-frogging' effect.

Another avenue used by works councils to enter into wage bargaining is their legal role in the implementation of regulations on piece rates contained in industry collective agreements. While legally works councils are supposed to limit themselves to just applying the industrial agreement, rules on piece rates inevitably leave a wide range of discretion which the councils can use to the advantage of their constituents (Teschner, 1977).

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[13] The Federal Minister for Labour and Social Affairs, op. cit. p.150

It is true that the dual system of bargaining in the Federal Republic of Germany legally secures worker access to the highest levels of the management decision hierarchy. It also provides employers and unions with a fairly large negotiating space, in terms of the nature, range and scope of issues, at the industry level. Yet, as discussed in greater detail in Chapters 9 to 11, there appears to be considerable employer leverage hidden in plant level bargaining structures. This is especially the case when it comes to negotiating wage and qualitative demands beyond the norms established in industry-wide agreements.

Management Policy and Statute

Managing a co-determined enterprise in the Federal Republic of Germany cannot be adequately understood in terms of an adversary relationship. The authoritative decisions of management are (in varying degrees) subject to the influence of the works council. Rather, the essence of co-determination is, as Tegtmeier (1973:150) has indicated, a "joint and integrated decision-making process" in which the contributions made by both sides are, in practice, undistinguishable. As well, the works council not only shares in what used to be managerial prerogatives, but also accepts responsibility for the implementation and enforcement of decisions. This makes collective bargaining the central component in the participation process (Streeck, 1983:36).

Compare this situation with Canada, where managers are preoccupied with protecting their prerogatives and "residual rights." Canadian managers prefer to manage their enterprises through unilateral and unchecked authority rather than manage them from positions where their decisions are open to debate and discussion. This attitude originates, as Nightingale (1976:4) observes, in part from a fear that the sharing of power with workers who lack technical knowledge and expertise may jeopardize the viability of the organization. In short, collective bargaining in West-Germany represents a legislated form of participation whereas in Canada, as we have shown in the previous section, the metaphor of "collective begging" still applies. This means that, in contrast to Canada, specific participation programs which employers and the works councils may wish to negotiate into their works agreements are in addition to and run parallel with the participation rights established in the co-determination laws (see Chapter 9). Nonetheless, there are considerable differences between *de jure* and *de facto* participation in the West-German industrial relations system.

In contrast to Canada, quality of working life (QWL) projects have increasingly become the subject of collective bargaining in the Federal Republic of Germany since the early 1970's. Most of these efforts (largely in the area of ergonomics and job enrichment[14]) have, however, stopped short of bringing about significant changes in participative decision-making, although semi-autonomous work groups have been negotiated into some agreements (Daeubler, 1982:114). Basically, however, even the introduction of semi-autonomous groups has, as noted by Matthoefer (1980:157ff), been confined largely to allowing for some worker self-direction on employer-identified production tasks.

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[14] West German employers apparently feel that worker participation in enterprise decisions has already been guaranteed by the works council legislation; hence their focus on humanizing the technical aspects of the job.

More recently, qualitative union demands, such as those enumerated by Fuerstenberg (1984), have offered opportunities for the unions to elaborate on the basic framework of benefits (other than pay) negotiated at the industry level through the vehicle of co-determination, and to do so legally. As already noted, industry-wide agreements can delegate negotiating powers on non-monetary and workplace-specific issues not only to the formal industry-wide bargaining system but also to the works council under an enterprise level works agreement. In this manner, an extension of co-determination is accomplished by an industry-wide agreement.

Most important for the enhancement of participation in management decision-making is perhaps the interlocking effect between industry agreements and works agreements at the enterprise level. This process ensures *the reciprocal initiation of qualitative improvements in working conditions.* For example, when firms have pioneered a participation scheme which has proven reasonably successful for workers (or both parties), the unions will bring it up at the next round of industry-wide negotiations, and insist that these innovations become part of the collective agreement applicable to all firms within the industry. Delegating the responsibility for the implementation of the scheme to the works councils in the industry, the industry-wide agreement, in turn, initiates such innovation for firms which presently have no such scheme in place. Ultimately, however, the success or failure of such efforts will depend largely on the extent to which union and employer representatives are at the same time members of a bargaining committee and members of particular company supervisory boards. Thus, there is a direct input from individual establishments into the decision cycle of supra-firm committees (IDE, 1981).

Evidence concerning union influence on employer attitudes is also found in the negotiation of works agreements, as a large percentage of elected works councillors have some kind of union affiliation. Full awareness of the unions of the whole range of employee qualitative needs is thus assured at the plant level. Some indication of this trend can be gleaned from Table 12 at the end of this chapter, which shows that only 19% of all works councillors elected in 1984 were unorganized. Yet, the degree of commitment these councillors have to union ideologies is, as we shall see in the next section, a different matter. Despite the employer leverage which the law permits in the conclusion of works agreements, Streeck (1981), for example, assumes that increased stress by unions on qualitative demands may well lead to further improvements in working conditions and, more especially, in the protection of workers against the adverse consequences of industrial change. Such a development would continue the long tradition of German unions using collective agreements as instruments of social policy (Himmelmann, 1979:161-165), and it would extend and strengthen the system of co-determination.

In our view, however, such claims would, due to the present prolonged recession climate and the increasingly enterprise-oriented ieologies (*Betriebsegoismus)* of works councillors, appear to be overly optimistic.

The enterprise-oriented ideology of many works councillors can, as Leminsky (1978:645) has noted, be seen in their endeavour to obtain public funds or customer orders for their firm by lobbying the appropriate government ministries and exercising influence on political parties. The position of the unions is thereby weakened not only through the indiscriminate exercise of 'company-mindedness' (diluting union solidarity) but also through the 'undercutting' of union organization aimed at achieving goals that are desired by all workers.

Another factor which appears to undermine the influence of union policies at the workplace level is, as Streeck (1981:166) himself notes, a declining willingness of works councils to accept union leadership, and a corresponding decline of the capacity of unions to co-ordinate works council policies. For example, in blue-collar industries where the ideological bonds between unions and their members are still relatively strong, works councils are as a rule much more prepared to follow union policy than in modern industries with a high proportion of white-collar workers. Thus, works councils in the chemical industry and in electrical engineering tend to insist upon their formal autonomy despite the fact that most of their members are unionized. In some instances they are known to go as far as to ally themselves with the employer in trying to keep union influence on workplace industrial relations as low as possible. Rojot (1985:348), for example, notes that sophisticated management ideologies in matters of personnel appear to have progressed to a point in some business organizations that unions are often viewed as somehow "foreign" to the management-employee relationship at the plant level.

Another factor contributing to the weakening of union strength in the Federal Republic of Germany is the constant dwindling of traditional distinctions between white-collar (*Angestellte*) and blue-collar (*Arbeiter*) groups, especially since the introduction of new technologies and automation of many factory-type jobs since the early 1970's. Hesse (1981:336),[15] for example, observes that this development has resulted in a 'de-skilling' effect in some white-collar activities as proposed by Braverman (1974) to the level of mechanized routine while simultaneously requiring top blue-collar workers to assume tasks demanding precisely the knowledge and skill levels of well-trained white-collar job incumbents. However, the de-skilling of workers appears to be the exception rather than the rule, contrary to the Braverman (1974) thesis. It can in any event be averted through technology agreements between employers and trade unions providing for retraining or upgrading opportunities for workers when new technologies are introduced. The negotiation of such agreements has become a regular feature of collective bargaining between industry and organized labour in many countries (Alfthan, 1985:522). Such 'enskilling' or skill enhancement effect thus provides a positive counterpoint to the 'de-skilling' hypothesis, a possibility hardly accounted for by scholars such as Braverman (1974). The effects of such a development on required employee skills (especially in business organizations having intermediary-range technologies) decreases significantly the impact of unions organized along trade lines.

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[15] Hesse (1981) refers here to occupational distinctions but notes that distinctions in terms social behaviour patterns and worker self-image largely remain. In this context, we wish to add that group-specific interests are safeguarded by the co-determination legislation both at the plant and enterprise levels (see Chapter 9, Statutory Participation Rights).

As this section has shown, the impact of management policy and legal guidelines on participation are the most constraining at the establishment level, despite the success of unions in having some quality of working life projects included in the collective agreement. Works agreements that extend the norms established by such industry agreements must, after all, have the approval of the employer, and it is the employer who is totally responsible for their implementation. Statutory provisions in combination with the 'company-mindedness' of many works councillors sparked by the principle of 'social partnership' at the establishment level have further diluted union impact on whatever participatory arrangements management is willing to underwrite.

Conflict Resolution

In contrast to the ad-hoc, voluntary and short-lived attempts at tri-partite decision-making in Canada, West-German neo-corporatism has come to be understood as a 'social partnership'. It is a system in which the trade unions acknowledge the existing political and economic order as the framework within which collective bargaining must take place. Moreover, the trade unions hold the view that they have a particular function in maintaining the stability of that order (*Ordnungsfaktor)*, as Juehe (1979:9) has noted.

More specifically, social partnership is defined as an institution relating to the presence of tripartite talks with employers and the government over wage guidelines and the control of the economy (Lehmbruch, 1979; Clark, 1979:242). At the industry level, where trade unions negotiate with employers' associations, social partnership has been defined as a stable, co-operative system of collective bargaining. The stability of this system is achieved through peaceful compromises in bargaining or dispute settlement procedures with conflict manifesting itself only sporadically (Jacobi et al., 1979:7). At the enterprise and workplace level, social partnership is identical to co-determination (Miller, 1982:45), the Canadian equivalent of local bargaining. Thus, whatever is achieved through the works councils or worker representation on supervisory boards (see Chapter 9), is done through collective bargaining. The government may intervene indirectly (via persuasion), with the nature of the intervention depending on who happens to control the federal political machinery. However, again in stark contrast to Canada, such intervention is generally considered illegitimate. The legitimacy of collective bargaining, strikes and other elements of employer-worker conflict are fully accepted in both the private and public sectors and guaranteed by Article 9 of the West-German constitution (Diamant, 1977:37). For example, sub-section 3 of Article 9 not only provides a constitutional guarantee for "the right to form assocations to safeguard and improve working and economic conditions" but also makes clear that any government emergency measures "may not be directed against any industrial conflicts engaged in by associations...in order to safeguard and improve working and economic conditions" (FRG, 1981:17).[16]

In the Federal Republic of Germany, enterprise problem-solving and resource-bargaining on qualitative issues on all items contained in the collective agreement are, with the exception of wages, ongoing activities and the responsibility of the works council. This clearly represents a sharp departure from the practices of the Canadian labour-management production committees whose main activities are confined to solving largely employer-identified problems and avoiding (in many cases) any discussion of issues contained in the collective agreement.

Works council responsibilities are constrained by two statutory requirements designed to regulate any conflicts that may arise from a round of negotiations, or preferably prevent their occurrence from the outset. One of these is the duty of both employer and works council to "...work together in a spirit of mutual trust...for the good of the employees *and* the establishment."[17] The other constraint imposed by the law requires the employer and the works council to "meet together at least once a month for joint conferences...to discuss the matters at issue with an earnest desire to reach agreement and make suggestions for settling their differences."[18]

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[16] Press and Information Office of the Federal Government, *The Basic Law of the Federal Republic of Germany*, Bonn: 1981, pp. 16-17

These constraints represent a form of legalized 'co-optation' of employer representatives to preserve labour peace in the enterprise and "co-manage" it with the employer, wherever this is at all possible. As Miller (1982:45) has indicated, 'social partnership' at the workplace level involves the notion of 'company-mindedness' (*Betriebsegoismus)*. Again, this means that works council independence is seen to be cemented and maintained by a managerial policy of buying off works councillors and ultimately the workforce by an elaborate system of company benefits, such as improved pensions, company share purchase plans, educational leave and special bonuses (Kothoff, 1979:321; Kulke, 1977). This state of affairs considerably reduces the councillors' decision-making powers in truly representing the interests of their respective constituents.

Government compulsory mediation which existed in the Weimar Republic prior to 1933 was abolished when the Nazi government took power (DGB, 1981:33). State mediation procedures have been substituted by binding decision-making by *all* the parties involved. In the event that the parties cannot agree to a mutually satisfactory solution to their points of difference, Article 76 (1) of the Works Constitution Act requires that "a conciliation committee be set up for the purpose of settling differences of opinion between the employer and the works council, central works council or combine works council. A standing conciliation committee may be established by works agreement."[19]

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[17] Article 2 (1), Works Constitution Act, 1972 contained in: *Co-Determination in The Federal Republic of Germany*, The Federal Minister for Labour and Social Affairs, op. cit. p. 103. The italics are ours.

[18] Article 74 (1) Works ~~Constitution~~ Act, 1972, op. cit. p.140

Knuth and Schank (1981) note that the conciliation committee is generally not regarded by the parties to a dispute as a first step toward adjudication of their differences through judicial proceedings. Rather, it is seen as a continuation of employer-works council negotiations *with the assistance of outsiders*, to reach a solution that is mutually acceptable to both sides. However, the unions have vigorously contested this clause of the Act, as the implementation of works agreements is solely the responsibility of the employer (Article 77,1 WCA). Labour's co-optation into the neo-corporatist business-government alliance is clearly expressed in the Works Constitution Act (1972) which makes it expressly clear that "the works council shall not interfere with the management of the establishment by any unilateral action".

The Works Constitution Act (1972) makes no provision concerning the recruitment of the committee membership, except for stating that both the employer and works council appoint their representatives to the committee in equal number. These representatives are to serve under a neutral chairman accepted by both parties (Article 76,2).[20] This means that, at least legally, all members of the conciliation committee could be recruited from inside the organization, although this may (for impartiality reasons) not be desirable. Also, both management and works council can be represented at committee meetings by a person of their choice (Dietz and Ricardi, 1973; Fitting et al., 1980), and they can appeal the awards of the committee only on the grounds that it "has exceeded its powers" (Article 76,5).[21] and has violated existing legal guidelines. This is, indeed, similar to the Canadian appeal procedure used in the case of parties who are displeased with an arbitrator's award.

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[19] Article 76 (1), Works Constitution Act, 1972, op. cit. p.141

Central to our argument is that the parties themselves or representatives serving their interests on the committee make the final binding decision by majority vote. The neutral chairman only casts the tie-breaking vote in the event of a deadlock.[22] This procedure effectively removes the 'face-saving' device of the independent third-party in Canadian arbitration procedures (single arbitrator), and is evidently designed by the lawmakers to act as a psychological deterrent toward inviting a conciliation committee settlement.

The legally-induced deterrent against the parties using the conciliation route receives some support from Knuth and Schank's (1981) comprehensive empirical study on labour and management's propensity to use the services of the conciliation committee. These investigators found that, since 1972, only 60 out of the 540 companies they surveyed (roughly 11%) had used the conciliation committee mechanism to resolve a deadlocked dispute. They concluded that this result was due to the costs involved in the conciliation procedure, reluctance to engage outsiders in resolving internal problems, and a general lack of 'dispute readiness' *(Konfliktbereitschaft)* on the part of works councils.

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[20] The Federal Minister of Labour and Social Affairs, op. cit. p.142

[21] The Federal Minister of Labour and Social Affairs, op. cit. p.142

[22] The Federal Minister of Labour and Social Affairs, op. cit. p.142

It seems that the number of committee members and their composition depends largely on the nature of the problem(s) the committee has been called to adjudicate, and apparently varies somewhat between industries as well. However, a most common practice is that the committee is chaired by a judge from the labour court (seemingly to ensure that it does not exceed its powers), and consists of one member each representing the organization (management and works council) as well as two persons from the outside (specialists or consultants), one each appointed by the parties. The operational framework of this committee may be ad hoc or a standing committee negotiated by a works agreement (Perner and Perner, 1983; Daeubler, 1982). In this particular arrangement, the parties retain control over the negotiations with or without the assistance of outside experts and render an award which legally commits both mamagement and the works council to its implementation.

Disputes that may arise from the implementation of works agreements can, as already noted, be referred to the conciliation committee and, in the event of a committee deadlock, be adjudicated by the labour courts (Fitting et al., 1980). However, threatening the employer repeatedly with a conciliation committee award to press for co-operation on some matter the works council wishes to pursue is not likely to build a relationship of trust between the parties in the long run. This clearly shows that the ultimate decision to accept or reject a works agreement proposed by a works council is very much employer-controlled.

Such voluntary mediation within a framework of free collective bargaining has taken the place of all government dispute assistance programs in the Federal Republic of Germany. This also applies to the negotiation of industry-wide agreements where employers' associations and trade unions have made provision for mediation panels with equal labour and management representation and a neutral chairman to work out a proposal agreeable to both sides. When accepted, this proposal has the same effect as a collective agreement (Daeubler, 1982:77; DGB, 1981). Mediation at the industry level applies only to "interest" disputes, e.g. disagreements over what employer and employee interests are to be negotiated into a new collective agreement as opposed to "rights" disputes, which may arise from the interpretation or application of already existing standards in a collective agreement. The latter are largely plant-level disagreements which are settled via the enterprise conciliation procedure (Fuerstenberg, 1984:628). In contrast to the dispute resolution procedures found in Canadian legislation, the strong sentiment about non-government involvement in dispute resolution is further reflected in the wording of the Collective Agreements Act (1974).[23] The latter does not contain a single clause suggesting a mechanism as to how conflicts are to be adjudicated.[24]

In summary, the active participation of workers in setting decision-rules jointly with management at the industry level appears to be relatively unhampered by constraining legal guidelines or management policies in the Federal Republic of Germany. With access to the highest level of decision-making thus guaranteed, the dual system of bargaining under co-determination (at the enterprise level) and voluntary collective bargaining (at the industry level) broadens the range and scope of issues that become subject to participation. This is especially so because of the reciprocal initiation of issues and the participative ventures that arise between individual firms and industry-level institutions (trade unions and employers' associations).

The essence of neo-corporatist relations between the trade unions and employers' associations is that neither is in a position to enforce its interests on the other party without due regard to the macro-economic consequences of their action. Differences in issue expertise at the industry-level between the trade unions and employers' associations are relatively small, as both sides have access to and maintain research facilities of a high order, which, on both sides, are run by competent and very experienced personnel. This situation leaves a large number of issues for incompatible aims to develop between the contending parties, and hence conflicts of interest resulting from genuine participation in the decision process. However, union ambitions to call a strike vote to enforce demands are considerably reduced by the legal requirement for a 75%[25] majority of union members to support the strike, and by the present recession climate and high levels of unemployment.

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[23] I.L.O. Legislative Series, op. cit.

[24] This also means that there is no legislation on strikes and lock-outs in the Federal Republic of Germany.

At the enterprise level, works councils are likely to increase their demands for participation in management decisions concerning qualitative improvements (job security, work methods, protection from the consequences of technological change, involvement in plant lay-off procedures etc.). However, in contrast to industry-level encounters, their autonomy over the decision cycle (joint decision-rule setting with management) over the scope and range of issues that are to be addressed is counterpoised, appreciably narrowed and specified by statutory guidelines (Works Constitution Act, 1972). Yet, works councils can access the highest levels of decision-making within the enterprise. However, the 'co-optation' of works councillors into management responsibilities,[26] which is encouraged by the existing legislation makes it, in many instances, difficult for them to fully use their expertise (whatever degree they may possess) for the genuine fulfilment of their role, namely representing the actual ideals and desires of employees.

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[25] see also: Daeubler (1982:77) and Abendroth (1969:146)

[26] Almost a parallel to this kind of arrangement is the Japanese management strategy that ultimate organizational success is achieved only by 'making every worker a manager' (to be discussed in relation to Canadian and West German quality circles in Chapts. 6 and 9 respectively).

The value-rational[27] ideology of 'social partnership', which guides the institutionalization of conflict at the enterprise level through legal guidelines appears (somewhat paradoxically) to leave little room for the emergence of genuine ('conflictual') participation via plant-level bargaining under co-determination. This is so, unless employers are volunteering to extend the formal legal prescriptions through the introduction of more informal and mutually rewarding co-operative schemes.

This situation represents quite a contrast to the Canadian occasional and short-lived attempts at tri-partite decision-making. On the one hand, these attempts express themselves in 'voluntary experimentalism' characterized by a readiness to engage in innovative ventures that have no consequence for collective bargaining. On the other hand, they are reflected in coercive/co-optative measures by Canadian governments limiting or suspending collective bargaining conflicts and the right to strike altogether.

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[27] Poole (1986:150-151) notes that, within the context of worker participation, 'value-rationality' refers to goals encompassing profit-sharing and co-partnership on the employer's side, and and goals concerning workers' control and self-management on the union's side. In more general terms, 'value-rational' means having some idealistic notion of something worthwhile to attain, its formal identification and commitment to it. This construct was first coined by Max Weber in his major work *Economy and Society*.

Summary and Conclusions

Canada

Power relations in the collective bargaining process are conditioned by three factors, namely (1) the nature of the bargaining structure, (2) the extent of participation in power-sharing that is permitted by management policy and (where applicable) legal statute, and (3) the kinds of mechanisms available to the parties for the resolution of conflict.

The Canadian enterprise bargaining system shows considerable variation in the geographic scope of bargaining, employer and union co-ordination of bargaining practices and bargaining patterns. As well, there are substantial variations in public policy and statutory treatment of the bargaining process among the provinces. Moreover, the system also has six alternate bargaining structures which vary with the particular industry in which they are located.

It is true that the Canadian enterprise bargaining system provides workers with access to the highest level in the management decision hierarchy. Also, workers are permitted to participate in strategic decision rule setting on issues of a fairly wide range and scope. However, such power-sharing appears to be substantially controlled by employer policy at all levels of the decision hierarchy, especially during the recession of the mid-1980's. Therefore, worker participation in management is more apt to be exercized in the decision outputs of the cycle, e.g., implementing employer-controlled decision-rules. As well, differences in issue expertise between management and worker representatives at the local union level are likely to be more profound than at the industry level where professional know-how in bargaining strategies and issue expertise appear to be far greater.

Management policy on participation via collective bargaining has been introduced in several ways, namely by re-arranging bargaining sessions, using different bargaining structures and making innovations in the bargaining process itself. However, with the exception of such isolated efforts, we conclude that the Canadian enterprise bargaining system lacks the centralized controls of an industry-wide framework. The latter would offer a more sophisticated and professional approach to bargaining, greater bargaining power on both sides of the negotiating table, and being in a position to address issues larger in range and scope. We conclude further that Canadian collective bargaining structures are designed chiefly for accommodating the more particularistic interests of local unions and employers. Hence, unions (especially smaller bargaining units) lack the strength to develop sufficient autonomy over the decision cycle to shift the balance of power vis-a-vis the employer in favour of more equitable and participatory arrangements, unless management policy is open to such innovations.

Apart from the prohibition to strike or lockout during the term of a collective agreement, there are no conflict-inhibiting legal guidelines in the Canadian industrial relations system, although most jurisdictions require 'good faith bargaining.' This concept seemingly causes more problems than it is meant to solve. Thus, conflict resolution is strictly reactive in the Canadian context, and is generally managed through enterprise problem-solving, government mediation, or binding decision-making via independent third-parties. We conclude that problem-solving committees, apart from serving as communication channels for discussing issues of an operational nature (usually aside from the collective agreement), largely serve to shelve possible conflicts of interest over resource distribution until the expiry of the current collective agreement. They provide, however, no panacea for suppressed anatagonisms and resentment, unless the parties are prepared to engage in continuous resource bargaining.

The effectiveness of conventional government mediation efforts are still a subject of much controversy, although some successes have been achieved with preventive mediation programs. Yet, it is probably true that labour and management are disinclined to use preventive mediation as a "cure-all" device prior to a very serious crisis in their relationship. We conclude that preventive mediation techniques (especially the R.B.O. strategy), while they allow access to higher levels of decision-making, often exclude central issues such as wages and working conditions from the agenda, and are (unfortunately) used only in near-crisis situations. On the other hand, they permit a fair degree of worker participation in the decision cycle by providing valuable expertise in the formulation of decision-rules.

The drawbacks to binding decision-making by independent third-parties such as occurs in conventional and final-offer arbitration (e.g., the "chilling" and "narcotic" effects) have also been the subject of much discussion in the literature. We conclude that the "contracting out" of conflict situations for resolution by outside independent decision-makers reduces the role of labour and management in the organizational decision cycle merely to a face-saving exercise. This creates a situation of mutual 'surveillance' rather than one of trust and co-operation, and detracts, to some extent, from fostering a climate in which ambitions toward future participation in management decisions can materialize.

Despite such systemic imperfections of the Canadian enterprise bargaining system, our overall conclusion concerning the development of participative endeavours in Canadian collective bargaining is that the present small scope of legalized and institutionalized German-style conflict regulation by Canadian governments could contribute much (at least theoretically) to the potential success of such schemes. As sufficient potential for conflict is left in the system (e.g., under the *control of the parties)*, we conclude that the potential for genuine participation in management decisions and work reform is correspondingly increased.

There are, however, two factors which restrict the full realization of this potential: one of these is that such innovations are inhibited by the fact that they have little or no consequence for collective bargaining (the Shell, Sarnia experience being a rare exception). The Canadian business establishment is simply reluctant to include such schemes in the collective agreement as conditions of employment, as the schemes may have consequences which, in management's view, are undesirable and cannot be altered until the expiry of the agreement.

The other factor inhibiting innovative work reforms are the wage controls, denial of the right to bargain collectively and to strike which the Canadian business-government alliance has imposed on Canadian workers since the early 1980's. How can work reform and employer productivity schemes be made attractive to workers under such policies of coercive restraint?

The Federal Republic of Germany

In contrast to the Canadian collective bargaining system, resource bargaining (on both quantitative and qualitative issues) in the Federal Republic of Germany takes place at two levels: at the industry-level between an employers' association and a trade union (region by region), and, more exceptionally so, at the enterprise level. Bargaining at the enterprise level on wages is illegal but bargaining on qualitative issues alone is permitted under the co-determination laws, although informal practices of wage bargaining exist.

Both unions and management have a preference for industry-wide bargaining structures. From the unions' point of view, such structures prevent the undermining of control of the external over the workplace union organization and the loss of solidarity. Employers attempt to preserve the industry-wide bargaining concept, as it prevents overly powerful union shop-floor autonomy and 'whipsawing'.

The dual system of bargaining in the Federal Republic of Germany legally secures worker access to the highest levels of the management decision hierarchy. Also, it provides employers and unions with a fairly large negotiating space (in terms of the nature, range and scope of issues) at the industry level. Yet, there appears to be considerable employer leverage hidden in plant level bargaining structures, especially when it comes to negotiating wage and qualitative demands beyond the norms established in industry-wide agreements. In this context, the judicialization of issues in terms of rights to information, consultation and co-determination has been mentioned on several occasions in our discussion of West German workplace relations.

The enhancement of participation in management is secured through the interlocking effect between industry agreements and works agreements at the enterprise level, in that it guarantees the reciprocal initiation of qualitative improvements in working conditions. Yet, the success of this process, ultimately, depends on the extent to which union and employer representatives are simultaneously members of a bargaining committee and of particular company supervisory boards. As the administration of all local works agreements is the responsibility of the employer, we conclude that the influence on employer policies which the works council can exercise in introducing qualitative improvements via works agreements depends on the degree to which it has been co-opted by these very policies into 'co-management'. Such co-optation of works councillors by the employer greatly weakens union influence, and almost ensures employer dominance of the decision cycle with respect to union demands for qualitative improvements.

Enterprise problem-solving designed to contain potential conflict situations is likewise the responsibility of the works councils. Here, the law imposes the 'peace' and 'mutual trust' obligations on both parties and the in-house conciliation procedure in the event of persisting disagreement. If, in addition to these legal constraints, works councillors have been co-opted into 'co-management' through employer concessions on special benefits (improved pensions, company share purchase plans etc.), we conclude that the potential for the occurrence of conflictual exchanges will, in some cases, be reduced almost to the zero point. Clearly, the neo-corporate strategy of the state expressed in the co-determination laws has shifted the balance of power in the participation process in favour of the employers.

Government mediation which existed in the Weimar Republic prior to 1933 was abolished by the Nazi government, and has been legally substituted by an enterprise conciliation committee procedure in the Federal Republic of Germany. In following the legal guidelines for the use of the conciliation committee, both the employer and works council are required to remain intimately involved in resolving a dispute with outside assistance, if necessary. We conclude, therefore, that, as a mechanism of dispute settlement, the conciliation committee removes the sole decision-making powers from any outside independent third-party. This represents a stark contrast to the third-party binding arbitration procedure commonly employed in the Canadian industrial relations system. We conclude further that the concept of the enterprise conciliation committee as well as the industry-wide mediation procedure are effective psychological deterrents designed to dissuade the parties from engaging in conflict strategies; as such, they resemble an operation "overkill". Also, the costs involved in the procedure and having outsiders sit as judges on matters that they themselves are required to adjudicate anyhow are further deterrents for the parties to make frequent use of the conciliation committee and industry mediation procedures.

The overall situation can be approximated by concluding that co-determination and its workplace manifestation as 'social partnership' or 'co-management' almost legislates the exercise of conflict out of the system. This 'value-rational' ideology seems to imply a form of "repressive tolerance" toward workers' needs and aspirations, absorbs any threat to entrepreneurial ideals, and, in Smucker's (1977:265) sense, retards the momentum of opposition groups in their drives to attain legitimacy.

As our definition of participation requires the potential for conflict over goal incompatibilities in resource bargaining to remain in the system as a 'ground rule' for genuine power-sharing, we conclude further that the 'false promise of co-determination' as noted by Thimm (1980) appears to be, indeed, supported by the evidence.

TABLES - Chapter 5

Table 5

Bargaining Structures By Industry: 1969-1977 Combined

CANADA

Industry	Total, All Structures[a]	Single-Employer Structures								Multi-Employer Structures			
		Single Plant-single union		Single Plant-multi-union		Multiplant-single union		MultiPlant-multiunion		Single Union		Multiunion	
		#[b]	%[c]	#	%	#	%	#	%	#	%	#	%
Fishing	20	2	10.0	0	0	2	10.0	0		13	65.0	3	15.0
Forestry	69	48	69.6	0	0	10	14.5	0	0	11	15.9	0	0
Mining	119	90	75.6	8	6.7	10	8.4	0	0	11	9.2	0	0
Manufacturing	1163	705	60.6	28	2.4	198	17.0	21	1.8	192	16.5	19	1.6
Communications	779	403	51.7	67	8.6	92	11.8	11	1.4	190	24.4	16	2.1
Transportation	475	103	21.7	1	0.2	272	57.3	4	0.8	79	16.6	16	3.4
Trade and Finance	197	49	24.9	4	2.0	65	33.0	1	0.5	74	37.6	4	2.0
Public Administration	729	259	35.5	3	0.4	431	59.1	4	0.5	31	4.3	1	0.1
Total All Industries	3,551	1,659	46.7	111	3.1	1,080	30.4	41	1.2	601	16.9	59	1.7

Source: Labour Canada, *Collective Bargaining Review*, 1969-1977

Notes: a. Total of negotiations involving 500 or more employees.
b. Number of negotiations with that particular bargaining structure.
c. Percent of negotiations with that particular bargaining structure.
Percentages may not sum to 100 because of rounding

TABLE 6

UNION MEMBERSHIP BY TYPE OF UNION AND AFFILIATION

(Canada - 1985)

Type and Affiliation	Unions	Locals	Membership
International Unions	68	3,677	1 444 833
AFL-CIO/CLC	43	2 762	841 067
AFL-CIO/CFL	10	443	209 881
CLC only	3	135	145 192
AFL-CIO only	6	227	144 626
Unaffiliated Unions	6	164	104 067
National Unions	190	12 337	2 095 465
CLC	50	6 188	1 125 265
CNTU	9	1 660	210 505
CSD	3	156	18 651
CCU	20	130	37 155
Unaffiliated Unions	108	4 203	703 889
Sub-Totals:	258	16 068	3 540 298
Directly Chartered Unions	295		29 946
CLC	63		8 200
CNTU	5		512
CSD	227		21 234
Independent Local Orgs.	209		95 444
Totals:	762		3 665 688

Source: Labour Canada - *Directory of Labour Organizations in Canada, 1985*

TABLE 7

UNIONS WITH LARGEST MEMBERSHIP

(Canada, 1985)

Union	Membership 1985 (000)	Membership 1984 (000)
1. Canadian Union of Public Employees (CLC)	296.0	293.7
2. National Union of Prov. Govt. Employees (CLC)	245.0	242.3
3. Public Service Alliance of Canada (CLC)	181.5	181.2
4. United Steelworkers of America (AFL-CIO/CLC)	148.0	148.0
5. United Food & Commercial Workers Intern. Union (AFL-CIO/CLC)	146.0	140.0
6. Int. Union, United Automobile, Aerospace & Agricultrl. Implement Workers of America (CLC)	135.8	110.0
7. Social Affairs Federation Inc. (CNTU)	93.0	93.0
8. Int. Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Ind.)	91.5	91.5
9. Quebec Teaching Congress (Ind.)	90.0	86.2
10. United Brotherhood of Carpenters and Joiners of America (AFL-CIO)	73.0	78.0
11. Service Employees Intern. Union (AFL-CIO/CLC)	70.0	65.0
12. Intern. Brotherhood of Electrical Workers (AFL-CIO/CFL)	68.6	72.9
13. Canadian Paperworkers Union (CLC)	63.0	63.2
14. Intern. Association of Machinists and Aerospaceworkers (AFL-CIO/CLC)	58.6	66.6
15. Quebec Government Employees Union (Ind.)	55.2	55.2
16. Labourers Intern. Union of North America (AFL-CIO)	51.4	59.3
17. Intern. Woodworkers of America (AFL-CIO/CLC)	51.2	55.8
18. United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada (AFL-CIO/CFL)	40.3	41.4
19. Ontario Nurses Association (Ind.)	39.2	36.8
20. Canadian Brotherhood of Railway, Transport and General Workers (CLC)	38.2	37.4
21. Alberta Teachers Association (Ind.)	37.4	37.4
22. Intern. Union of Operating Engineers (AFL-CIO/CLC)	37.4	37.4
23. Ontario Secondary School Teachers' Federation (Ind.)	36.3	36.1

(continued on next page...)

TABLE 7 continued...

24. Communications, Electronic, Electrical, Technical and Salaried Workers of Canada (CLC)	35.5	40.0
25. Energy and Chemical Workers Union (CLC)	35.0	32.0
26. B.C. Teachers' Federation (Ind.)	32.7	29.8
27. Hotel Employees and Restaurant Employees International Union (AFL-CIO/CLC)	32.0	35.5
28. Federation of Women Teachers' Associations of Onterio (Ind.)	31.4	30.2
29. Amalgamated Clothing and Textile Workers Union (AFL-CIO/CLC)	30.0	30.0
30. American Federation of Musicians of the United States and Canada (AFL-CIO?CLC)	30.0	31.0

Source: Labour Canada - *Directory of Labour Organizations in Canada, 1985*

TABLE 8

UNION MEMBERSHIP BY INDUSTRY

(Canada, 1984)

Industry Group	Union Members (000's)	Female Members (000's)
Agriculture	-	-
Forestry	21	-
Mines, Quarries and Oil Wells	60	-
Manufacturing	856	173
Construction	146	-
Transportation, Communication and Other Utilities	463	103
Trade	201	70
Finance, Insurance & Real Estate	48	28
Community, Business and Personal Service Industries	1,159	756
Public Administration	515	201
Totals:	3,474	1,336
	(3,469)	(1,331)

-- Estimate of less than 4,000 and considered unreliable.
( ) Figures in brackets appear to be actual totals. The official totals for each industry group do not sum to 3,474 and 1,336 respectively, as noted by Statistics Canada.

Source: Statistics Canada, *Survey of Union Membership* (Conducted as a Supplement to December 1984 Labour Force Survey)

TABLE 9

BACK-TO-WORK LEGISLATION IN CANADA (1984)

Period	Federal	Provincial	Total	Annual Averages
1950-54	1	0	1	.2
1955-59	1	1	1	.4
1960-64	2	1	3	.6
1965-69	2	8	10	2.0
1970-74	4	9	13	2.6
1975-79	6	16	22	4.4
1980-84(*)	1	15	16	3.6
Totals:	17	50	67	

(*)To May 1984

Source: Labour Canada, "List of Federal and Provincial Emergency Laws 1950-1984," May 15, 1984

TABLE 10

GERMAN TRADE UNION FEDERATION MEMBERSHIP

(December, 1982)

UNION	Blue-Collar	White-Collar	Civil Servants	Total	%
Building and Construct. Workers' Union	487,771	43,189	-	530,960	6.76
Mining and Energy Workers' Union	320,417	47,206	212	367,835	4.69
Chemical, Paper % Ceramic Workers, Union	523,297	119,782	-	643,079	8.19
Printing and Paperworkers Union	118,486	26,785	-	145,271	1.85
German Railway Workers' Union	197,783	9,171	185,530	392,484	5.00
Education and Sciences Union	-	45,745	139,906	185,651	2.37
Horticultural, Agricultural and Forestry Workers' Union	36,946	2,941	2,745	42,632	0.54
Commerce, Bankers & Insurance Employees Union	51,451	308,889	-	360,340	4.59
Wood and Plastic Workers' Union	145,417	11,036	-	156,453	1,99
Arts and Crafts Workers' Union	-	47,925	-	47,925	0.61
Leather Workers' Union	49,659	3,060	-	52,719	0.67
Metal Workers' Union	2,189,279	387,192	-	2,576,471	32.83
Food, Stimulants & Restaurant Workers' Union	212,250	53,026	-	265,276	3.38
Public Service, Transport and Communications Workers' Union	584,689	505,816	89,145	1,179,650	15.03
Police Officers' Union	9,113	16,925	143,054	169,092	2.15
German Postal Workers' Union	143,506	46,100	267,324	456,930	5.82
Textile and Garment Workers' Union	249,366	26,869	-	276,235	3.52
Totals:	5,319,430	1,701,657	827,915	7,849,003	100.00

Source: German Trade Union Federation, Duesseldorf, *German Trade Union Federation Membership on December 31, 1982*. Translated and re-arranged by the author.

TABLE 11

DISTRIBUTION OF TRADE UNION MEMBERSHIP

Federal Republic of Germany, 1981 (%)

Organized Employees	Civil Servants	White-Collar	Blue-Collar	Women	Total
DGB	50.23	72.47	97.62	77.49	83.13
DBB	44.22	2.58	0.31	9.87	8.57
DAG	-	21.25	-	9.11	5.22
CGB	5.55	3.70	2.07	3.53	3.08
Totals:	100.0	100.0	100.0	100.0	100.0

Source: Institut der deutschen Wirtschaft, *Zahlen zur wirtschaftlichen Entwicklung der Bundesrepublik Deutschland*, Cologne: 1982, Table 85 (Table abbreviated by the author).

TABLE 12

RESULTS OF WORKS COUNCIL ELECTIONS IN THE FEDERAL REPUBLIC OF GERMANY BY NUMBER OF WORKS COUNCILLORS ELECTED AND THEIR UNION AFFILIATION

(as of December 31, 1984)

Area of Union Organization	No. of Firms	No. W.C. Elected	Union Affiliation			
			DGB	DAG	Other	Unorg.
Building & Construction	5,164	22,918	16,409	161	23	6,325
Mining & Energy	355	3,051	2,942	37	22	50
Chemicals, Paper & Ceramics	2,596	16,693	14,215	286	127	2,065
Printing & Paper	1,910	8,458	6,638	103	114	1,603
Railways	67	293	250	6	8	29
Horticulture, Agriculture & Forestry	271	520	364	-	3	153
Commerce, Banking & Insurance	5,918	29,636	17,112	3,091	221	9,212
Woods & Plastics	1,515	7,148	5,948	33	12	1,155
Arts & Handicrafts	11	74	65	9	-	-
Leather & Crafts	265	1,612	1,322	19	-	271
Metal Products	9,877	61,908	51,594	1,216	420	8,678
Food, Stimulants & Restaurants	2,342	12,196	9,699	172	23	2,302

(continued on next page)

TABLE 12 continued...

Area of Unionization	No.of Firms	No. W.C. Elected	Union Affiliation DGB	DAG	Other	Unorg.
Public Service, Transport & Comm.	2,607	13,200	10,176	450	95	2,479
Textile & Garments	2,445	12,486	10,450	120	-	1,916
Totals:	35,343	190,193	147,184	5,703	1,068	36,238
		(100%)	(77.4%)	(3.0%)	(0.6%)	(19.0%)

DGB-Deutscher Gewerkschaftsbund (German Trade Union Federation)
DAG-Deutsche Angestellten Gewerkschaft (Germ. Salaried Empl.Union)

Source: *Arranged and translated from data made available to the author by the Federal Ministry of Labour and Social Affairs, Bonn: April, 1985*

CHAPTER 6

INFORMATION/COMMUNICATION STRUCTURES

This chapter will be concerned with describing the most common participation decision format operating in Canada, that is structures known as problem-solving groups and quality circles. It will become immediately clear that the decision process in these information exchanges between workers and management is unilaterally controlled by management. The substance of decision-making is largely confined to operating procedures e.g. production costs, matters of supervision, productivity problems, quality control etc.

Information is usually transmitted from management personnel, making workers familiar with decisions that have been reached on certain issues and the reasons for them. At the plant level, the point of access to the decision structure is usually the first-line supervisor and only very rarely middle or top management. Just as in Chapter 5, our analysis of these schemes will focus on how power relations in the firm operate. This will be accomplished by examining the decision structure of the enterprise, the influence of management and union policies (as well as statutory guidelines where applicable), and the way in which conflicts of interest are either resolved or avoided. Our central argument here will be that these schemes largely operate in an information exchange format in which all decision-making power is retained by management.

Problem-Solving Groups

Problem-solving groups were one of the earliest attempts at work reform in Canada. Many different labels have been attached to these kinds of participatory arrangements such as consultative committees, joint consultation committees, labour-management committees, production (or productivity) committees, labour-management councils, works councils and so on. Since the early 1960's, these committees have operated chiefly under the label of *industry-wide (or sector) committees* and *joint labour-management committees* at the enterprise level (Anderson and Gunderson, 1982; Hameed, 1975).

In Chapter 4, we indicated three major environmental factors that have contributed to the emergence of such information/communication structures. One of these was the gradual recognition of unions as representatives of employee concerns about intolerable working conditions around the turn of the century. Local union organizing resulted in the first more permanent structures at the plant level in the form of the union local in Canada and works councils (supported by the law) in the Federal Republic of Germany. The other factor was a concern of employers and government to establish and maintain desired productivity levels in the face of national emergencies (such as World Wars I and II) and recession periods, while simultaneously achieving the containment of labour-management conflict wherever possible through the device of mutual problem-solving. Finally, a managerial response has been to view such efforts as a means of keeping the unions out. It is argued that, if worklife is made bearable and if workers are genuinely involved in their work, they are no longer dissatisfied and disgruntled and will have no desire to join a union (Srinivas, 1980:106)[1].

As we hope to demonstrate, many employers in both Canada and the Federal Republic of Germany (despite the co-determination laws in the latter country) prefer a continuance of enterprisee level participation mechanisms. However, the increasing sophistication of the workforce in both countries (in terms of educational levels and higher aspirations regarding living standards, leisure time activities, safety and health conditions etc.) has given rise to worker claims for a greater share in organizational resource distribution, especially since World War II.

As stagnating productivity growth and heightened foreign competition began to squeeze corporate profits in the late 1960's, forms of worker resistance once tolerated by management, including simple indifference to work, were now treated as serious impediments to profitability. What employers required was not grudging compliance, but workers who would exercise their initiative and ingenuity and associate more closely with management goals to promote productivity. It was also important to cultivate among union officials an appreciation of management's "problems" that would commit them to support shop-floor co-operation and reduce bargaining demands. Consequently, participation schemes such as joint productivity committees, quality circles and Scanlon plans, resurfaced (Swartz, 1981:55-78; Rinehart, 1984:76).

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[1] Some management consulting firms such as Advanced Management Research of New York have been selling QWL programs in Canada, explicitly designed for keeping the unions out of the organization. See also: *Leader Post*, July 25, 1978, Regina

Downie (1982:319) records three broad types of participation arrangements in terms of their particular aims: (1) programs to change the bargaining process; (2) programs to change management and labour attitudes and perceptions; and (3) programs to increase productivity, shop-floor co-operation and worker security. Such initiatives often fall into more than one category and permit varying degrees of participation. We have already mentioned approaches to changing the bargaining process in Chapter 5, and will, therefore, concentrate on programs changing attitudes and those designed to increase worker productivity.

Industry-Wide Committees and Provincial Councils

In the 1960's and 1970's, many joint committees were formed which brought together union and management representatives from an entire industry or, in some cases, from an entire province. The idea behind the industry-wide committee and provincial council concept was to improve the attitudes of labour and management by stimulating interaction between the groups on matters of common concern. As a government strategy, this process is generally referred to as 'joint consultation', and has been actively pursued by the federal government as well as some provincial governments. The scope of these industry-wide committees or councils varies, of course, from province to province, but generally all are concerned with resolving issues that are of paramount concern to the industry involved or with legislation dealing with industrial relations. In the latter case, focusing on labour relations acts, the aim is to review existing legislation in order to make joint proposals for amendments.

The structure of these committees or councils encompasses a chairman (usually the Minister or Deputy Minister of Labour, or a renowned practitioner in the labour relations field), a Vice-Chairman, an equal number of management and union representatives, and a secretariat. Examples of these committees are the B.C. Labour-Management Committee which was formally announced in the B.C. Legislature in February, 1966; the Manitoba Labour- Management Committee (Woods Committee); the Union-Management Council in Ontario, formally announced by the Minister of Labour already in April 1967; Quebec's Superior Labour Council which was originally established as an act of Parliament in 1941; the Nova Scotia Joint Study Committee formed in 1962; and the Prince Edward Island Labour-Management Relations Council established by the Minister of Labour in 1966 (Kovacs, 1975). A latecomer to the scene is the Construction Industry Industrial Relations Council (C.I.I.R.C.) in Alberta which was established in 1981 (Alberta Labour, 1981). This Council encountered some internal operational difficulties following two years of its existence, but gradually overcame these by late 1984 when it regrouped as the Construction Industry Advisory Council of Alberta (C.I.A.C.A.) (Alberta, 1985).

Apart from operating in a problem-solving mode as opposed to a decision power-sharing mode, these labour-management co-operative structures at an industry-wide or the provincial level suffer from another important weakness. Employer representatives in these participation schemes do not have an organizational structure for committing them to provincial policy, and industrial relations is only one area among many to occupy the attention of management (Kovacs, 1975:249). Therefore, only by example will any experience gained through industry-wide or joint provincial councils filter through to any individual employer. While a federation or council of unions may have developed provincial policy on some general issues (employment of women, human rights issues, the hiring of handicapped workers, etc.), they must nevertheless refer back to their membership of unions for inputs into the decision cycle and decision-rule setting on important individual issues. It is, after all, at the enterprise level where worker autonomy and access to decision making via the bargaining process can be effectively exercised. Hence, the exercise of autonomy in the decision process at this level is difficult.

Joint Labour-Management Committees

During the past two decades, many Canadian organizations have taken steps to involve workers in the identification, analysis and solution of job-related problems. Here, a total work group may be involved or, when this results in too large a number of people, sub-groups may be created. Out of these groups, a representative group may be formed to discuss issues at the plant level as long as (preferably) these issues do not infringe on the rights of either party under the collective agreement.

Traditionally, Canadian unions have insisted on the primacy of collective bargaining, and hence believed in a separation of the collective bargaining process from the activities of labour-management committees (Gold, 1976; Guest and Knight, 1979). Since many of the issues and problems raised in committee activity are likely to affect performance, managers are hopeful that improved efficiency will be one of the outcomes. Often enough, another management objective will be to provide an opportunity to workers for a discussion of intended changes, and which of these appear to be feasible and desirable. Once workers understand the reasons for the changes and are able to assist in shaping these modifications, and once managers understand workers' fears and anxieties, it is assumed that both the process introducing the changes and their outcomes will be more effective.

Problem-solving groups often meet at regular intervals and may require frequent meetings at the start to dispose of a host of issues that have accumulated (often) over a considerable period of time. However, once they have gained sufficient momentum, they can be quite successful in raising and solving a wide range of job-related issues (Gold, 1976; Nightingale, 1982; Anderson and Gunderson, 1982). The types of issues discussed by these problem-solving groups usually relate to operating procedures, productivity problems, equipment deficiencies, quality control, and the difficulties created by various organizational rules, regulations and procedures. Also, there are likely to be many requests for information.

In addition to union approval, the crucial factor for the success of problem-solving groups is continued management support. One reason why management support is needed is that managers often find group meetings frustrating in that, as representatives of the hierarchy of authority, managers are required to explain and justify their actions, provide information and keep to promises of action. In order to facilitate this process, and further to ensure the success of the groups, an outside third-party (often a government official) may be useful in providing initial input in getting the groups used to problem-solving activity. Such assistance may also be useful in breaking the established pattern of relationship between management and employees where workers may defer to and be unwilling to contradict management, should there be disagreement. Peacock (1977:10) has noted that the key factors in problem-solving are: (1) face-to-face contact; (2) small groups at every level of between 4 to 18 people; (3) groups must be led by persons accountable for achieving the task (i.e. managers and supervisors); and, (4) relevance to the involvement of people in their work. In unionized settings, provision for a labour-management committee may have been negotiated into a collective agreement or may operate separate from the agreement in a rather loose and ad-hoc fashion. In non-unionized organizations, a committee may operate by mutual verbal consent or form part of an organization's policy manual.

During the 1960's and 1970's, a number of labour-management committees in various Canadian industries were established largely on the initiative of management. A number of these committees also came into existence as the result of federal government initiatives.[2] Published reports on the operation of such information/communication committees are scant, but some reasonable documentation exists for the provinces of Ontario, Alberta and British Columbia. Two examples, one from Ontario and the other from British Columbia, will illustrate the inner dynamics of such committees.

Mansell et al. (1978:25-31), for example, report that in the mid-1970's Eaton Yale Limited, a manufacturer of large car and heavy truck springs with its main plant located at Chatham, Ontario, realized that the traditional way of management was not working following a violent wild cat strike in 1974. The implementation of a program which was based on a "new philosophy" at several of Eaton's new, non-union plants had introduced substantial improvements in productivity, absenteeism, turnover and employee satisfaction.

Eaton Yale subsequently introduced a strategy, called the Action Plan, for use in its older, unionized operations organized by the United Auto Workers, Local 127. By trying out some elements of the Action Plan at Chatham, management hoped to achieve at least a modified version of the success it had enjoyed with the new program at its non-union plants. The Action Plan stressed union and worker participation in plant matters that were of concern to them and consisted of three vehicles to achieve this end: the manager's roundtable, the counselling approach to discipline, and departmental meetings.

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[2] For a recent survey of the more specific subject matter discussed by these labour-management committees in the Canadian context see: Darby, L. (1986:31).

The manager's roundtable had been in operation since 1975. Every month, nine workers were invited to meet for a 1 1/2 to 2 hour open discussion with the plant manager. The Employee Relations Manager, a general foreman, and a department foreman also attended the meetings which were held on company time. By mutual agreement between the union and management, the union was not involved in the meetings; members of the union-management committee attended only if they were invited as regular employees. There was no agenda for the meetings, but management was willing to discuss any issue such as safety, production problems, work methods, maintenance of equipment and hygienes (washroom facilities, broken light bulbs etc.).

The counselling approach to discipline had also been in operation since 1975 and was initiated jointly by the union and management. Both parties agreed to co-operate in an attempt to resolve worker misdemeanours through counseling as opposed to the traditional system of warnings and suspensions. The union and management agreed to try counselling for one year, but only for absenteeism and lateness. Foremen and shop stewards received special training in counselling workers who needed help. Most of the counselling occurred informally on the shop floor, while more formal counselling included a person from Employee Relations, a shop steward and a foreman. The plant also maintained active connections with community counselling services.

Departmental meetings were primarily safety meetings and included all supervisors and foremen. However, workers could raise general issues after safety matters had been disposed of by the group. If a worker had a problem, he was required to take it to the foreman or manager personally or could have it raised at a manager's roundtable.

Mansell et al. (1978:25-31) indicate that, as a result of the experiment, union-management relations became more co-operative and mutually respecting, although considerable distrust had remained. At the same time, however, the innovation had created considerable discomfort. Many employees were no longer sure of their roles and there was a general feeling of uncertainty. As well, divisions between proponents of the old and new philosophy had developed within both management and the union. Neither management nor the union were certain that the new approach was likely to be successful, but they were determined to give it a fair try.

What conclusion can we draw from this experiment in the light of our enterprise power relations model of participation? First of all, the Eaton Yale innovation took place during a time when the Canadian economy still enjoyed relative prosperity, and hence employers were willing to sustain workers' participation in the labour process by providing some accommodation of their interests in an effort to avert the threat of continued labour unrest, absenteeism, turnover and low productivity. The participation decision format the company adopted to achieve its aims was obviously a unilaterally initiated and controlled information exchange strategy to address shop-floor concerns. Operating in a problem-solving mode to correct past management oversights in human resource development (e.g,. providing recognition of worker concerns) represented no threat to the company's allocation of resources, such as wages, benefits, special privileges, etc., and hence the kinds of concessions genuine worker participation in the sharing of such resources and the conflicts arising from them might require.

In providing access only to the immediate supervisory level of the decision structure or in special cases to middle management (Employee Relations Department) and granting little or no opportunity for workers to exercise autonomy over the decision cycle guiding the performance of their work, management kept all decision-making power to itself. As such, this innovation represents nothing but a glorified worker complaint system, the central foci of which are the manager's roundtable and the counselling approach to discipline. The latter entails the training of foremen and job stewards to counsel employees encountering problems. This provides the company with a lever for gaining improved access to workers' knowledge while co-opting them into management's way of thinking. It also seems clear that the union, by agreeing to the introduction of the counselling program, became management's willing agent in controlling any hostilities workers may have harboured toward the company.

On the positive side, anything management undertook to improve working conditions in Eaton Yale's plants was better than previous practices in that workers were given the right to be heard and possibly make some suggestions for new approaches in handling shop-floor matters. Yet, it is clear that most of the advantages from this innovation accrued to management.

A similar information exchange strategy was employed by management in the late 1970's to improve productivity at the MacKenzie Sawmill Division of B.C. Forest Products in northern British Columbia. Reported by the Employers' Council of British Columbia (1980:15-19),[3] this participation effort was labeled "action research" and consisted of job design with input from workers and managers for the purpose of increasing employee participation and expression. Supervisory skills development was an important aspect of the program in enabling supervisors to adapt to the changes in management necessary to implement the program. A steering committee, which included two union representatives (B.C. Pulp and Paper Workers Union), two superintendents and the mill manager was established to oversee and help co-ordinate the project.

In order to overcome worker inhibitions toward the action research concept, work teams in the plant were trained to become effective problem-solving groups. Daily records were kept by mill workers in order to identify more clearly where problems existed and how they were to be evaluated in relation to overall plant operations. Most design changes were small and involved fairly simple procedures devised by operators to improve the flow of production. The overall effect of the changes was a significant reduction of stoppages and snags in the production line, a decrease in absenteeism and improvements in the plant safety record. As noted by Painter (1978:10), the most important benefits to worker satsifaction was the opportunity to express themselves, thereby becoming involved in and concerned about company production problems. Yet, there remained the idea among workers that whatever benefited the company was not likely to benefit the workers.

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[3] Presently named *Business Council of British Columbia*

The many similarities of this innovation with the Eaton Yale experiment in Ontario are obvious. The B.C. Forest Products scheme was initiated by management at the peak of a boom period when labour's services and skills were in demand. Again, the company took advantage of the problem-solving mode to correct past management oversights in human resource development, as it represented no threat to the resource bargaining process but, quite to the contrary, was likely to place the company in a favourable light at the time of the next round of negotiations.

While the B.C. Forest Products scheme provided worker access only to immediate supervision, it did (in contrast to the Eaton Yale effort) succeed in drawing on workers' skills by granting them a limited degree of autonomy over the decision cycle. This was done by inviting their participation in keeping records of the problem areas they had identified and requesting their evaluation of them in relation to the overall plant operations. Similar to the Eaton Yale approach, the training of supervisors in being aware of worker problems was obviously designed to create greater awareness of supervisory personnel to problems which they had not been able to identify in the past owing to their traditional ways of managing the work teams. In this manner, management, again, succeeded in increasing productivity and worker morale through the promotion of work group identity and the workers' identification with the product of their labour.

In Ontario, other organizations followed such management initiated and unilateral information exchanges via problem-solving through labour-management committees during this time period. Among them are: Baycoat Ltd., a non-union steel manufacturer in Hamilton owned jointly by Dofasco and Stelco; Midland Industries Ltd. of Midland, a unionized manufacturer of custom mouldings; St. Lawrence Cement Co. of Mississauga, a unionized manufacturer of powdered cement; and unionized St. Thomas Psychiatric Hospital (Mansell et al., 1978:13,63,81,84).

In British Columbia, Afton Mines Ltd. of Kamloops, during the time under discussion, had several union-management information committees. These committees meet monthly in an attempt to resolve issues that are not negotiable items. In addition, a joint safety committee has the responsibility of touring the mining operation and making necessary changes. This mining company also has a joint training committee which functions to train first- line supervisors and union stewards in topics that range from grievance handling to rehabilitation discipline and contract interpretation (Employers Council of B.C., 1980:20-21).

C.P. Air has a number of union-management committees which have contributed to enhancing communication between the parties and preventing problems from becoming major grievances. Other labour-management committees in British Columbia were operated by well-known organizations such as Imperial Oil Ltd., Nabob Foods and London Drugs during the period under discussion (Employers Council of B.C., 1980:23).

In Alberta, work innovations in the form of labour-management committees of the communication/information type were undertaken by a host of organizations. Molson's Lethbridge Brewery holds monthly meetings of its fourteen member labour-management committee. It consists of seven managers and seven union employees who deal with items of current interest that may range from marketing issues to problems concerning technological change. By contrast, other committees are less broad in scope and limit their focus to safety matters such as, for example, the joint comsultation committee at Canadian Industries Ltd. (Edmonton). While most labour-management committees involve representatives of management and employees, a few attempt to include all of their employees. Fleetway Trucking Ltd. (Edmonton), for instance, has quarterly meetings with all of management and their employees to discuss problems and share information on business results (White, 1979:45-46).

The lack of more precise data about the operation of such committees in Alberta precludes their analysis in terms of worker decision-making power and the informal employer goals embedded in them. However, we may speculate that a number of these committees share the management initiated and unilateral information exchange strategy we have found to exist in some of the labour-management committees in Ontario and British Columbia.

Current data about the numbers of labour-management committees, and the industries in which they are located are gathered only in loosely-ordered and unpublished form by Labour Canada. This information is obtained from an analysis of collective agreements which contain a provision for the establishment and operation of a labour-management committee to discuss industrial relations issues. Whether such a committee has actually been formed and meets regularly, addressing itself to the kinds of issues for which it was created is, of course, a different question. Moreover, only agreements covering 500 employees or more are included in the analysis. Tables 13, 14 and 15 at the end of the chapter give some indication about the prevalence of such labour-management committee contract provisions for the Canadian provinces as well as the industries in which they occur. For the period shown ending March 31, 1984, 666 agreements out of a sample of 1,000 agreements coded and analyzed by Labour Canada, made provision for a labour- management committee (or 66.5% of the total sample).

While these figures do not provide evidence as to the actual purpose and functioning of these committees, one might speculate that they indicate some interest by larger organizations in maintaining some form of worker co-operation in the labour process. Most likely, the committee vehicle is used for increasing productivity, quality maintenance, removing equipment deficiencies etc. via fostering worker commitment to the company and its product(s) through problem-solving. In the 1980's, it is doubtful whether many of these ventures encompass genuine decision power-sharing outside the collective bargaining process.

Some provincial labour departments, in their coding of collective agreements that have a provision for a labour-management committee, do not single out and classify labour-management committee contract provisions. Those that do are either not in the habit of publishing this information, or publish it only occasionally. It is, therefore, extremely difficult to obtain the incident of labour-management contract provisions from the individual provinces for establishments of all sizes in a particular province. This would provide a more realistic, overall picture of the incidence of such provisions (at least in the unionized sector) for the whole of Canada.

The number of labour-management provisions in collective agreements covering employees in all sizes of establishments and the industries in which they occur are contained in Table 15 for the province of Alberta (at the end of the chapter). Compare this information with the data given for Alberta in Table 14 (at the end of the chapter), which is based on Labour Canada materials on establishments with 500 employees or more.

The figures provided by Alberta Labour indicate that only 319 out of 1,009 agreements coded and analyzed for the year ended March 31, 1984 had a provision for a labour-management committee (or 31.6% of the total sample). When compared to the national figure of 66.5%, this percentage would seem rather low. However, it must be remembered that this lower percentage of provisions for Alberta is due to the inclusion of all sizes of firms. Alberta has a large number of bargaining units under 100 employees, and most provisions for a labour-management committee are found in agreements covering 100 employees or more.

In summary, we would like to restate the distinction between problem-solving and decision-making. In problem-solving, the parties have already agreed on finding a solution to a problem (within their level of expertise), and it is just a matter of determining the resource that is to be used to achieve it, although both parties may not share equally in the joint gains. As Walton and McKersie (1965:127) have noted, "a problem in its purest form would be an agenda item for which the parties would assign the same preference ordering to all possible outcomes, and about which the two parties would be equally concerned...for a problem the interest [of the parties] are identical or completely coincidental". This is the core dimension in the authors' "Integrative Bargaining Model".

In a decision situation, both the size of the resource and its distribution is still the substance of decision-making (in terms of alternative courses of action to be chosen), or the views of the parties on how the goal is to be accomplished may actually conflict. In this sense, the problem-solving concept offers little opportunity (if any) for workers to enter the decision cycle of the organization with resource-based inputs such as wage issues, conditions of employment or general organizational policy.

Within the parameters of our analytical framework, the bargaining structure (as represented by the management decision hierarchy) provides worker access to only the immediate supervisory function, and only in very rare instances to middle or top management. The range and scope of issues have been narrowed to shop-floor operational issues (work scheduling, equipment operation, productivity, quality standards, etc.) that have been identified by management or the work group.

Management policy restricts worker participation to problem-solving and presupposes general agreement on the task to be accomplished. *Binding* discussions on resource-based issues, which permit greater worker autonomy to raise issues of more fundamental concern to the work force, are set aside for the collective bargaining agenda when the contract currently in force expires. The collaboration of union executive officers in these efforts is usually founded in a desire for information on plant operation and second-guessing management plans for future workforce allocations (hiring, job security, downsizing, transfers etc.). In the non-unionized sector, the vast majority of problem-solving groups are likewise management-initiated, and have frequently been ventured as an anti-union strategy.

The discussion of issues that may result in conflicts of interest is reserved by management for resource-bargaining (i.e. a collective bargaining context). Therefore, problem-solving groups have, from a managerial point of view, the dual purpose of securing needed information on operational issues vital to the organization's market position and survival. At the same time, such committees may subdue conflictual encounters through the tension release they provide during the lifetime of a collective agreement. Moreover, differences in issue expertise between labour and management (e.g. knowledge of operational concerns and skill in resolving them) are relatively small in this kind of setting, so that disagreements resulting in overt conflict (as may arise in resource-bargaining where issues of strategic significance are negotiated) are not likely to emerge unchecked. Hence, by our definition, problem-solving groups generally have little decision-making power.

As the essence of the problem-solving mode of worker participation is information gathering and not resource-sharing, it thus provides the seeds for the irregular functioning and the rise and fall in popularity of this kind of participatory arrangement. For example, in looking at the early record of labour-management co-operation, Harbison and Coleman (1951) observed a Catch 22. If problems are not resolved by joint action, the parties lose face in co-operation. However, if problems are resolved, and no new ones come to the surface, the effort simply dies out. Hidden behind these authors' argument seems to be another factor that accounts for the fluctuating existence of such information structures: if no tangible results for workers are achieved (improvements in earnings, pay incentives, working conditions, job security, etc.), the initial enthusiasm of workers for the project may turn into indifference resulting in decreased benefits for management in return.

Yet, despite their limitations to worker participation in the decision cycle of the organization, problem-solving groups have had some success. First, they have contributed to greater employer sensitivity toward employee concerns on the shop floor of the operation. Second, they have helped to clear up some issues that are not really appropriate items for the agenda in contract negotiations but may substantially affect their outcome (Nightingale, 1982; Guest and Knight, 1979).

Quality Circles

A special and more recent feature of worker participation in problem-solving is the *quality circle* (originally the 'quality control circle'). Advocates of this kind of cooperative effort have preferred to drop the word 'control' from the concept because of its negative connotation for the labour-management relationship.

Specific characteristics distinguish quality circles from other managerial techniques such as joint problem-solving, briefing and special project groups. First, quality circles have a more permanent existence, meet regularly, and are not ad-hoc mechanisms to solve specific problems as they arise on the shop-floor. Second, the participants decide their own agenda of problems and priorities. Third, all members of the circle (including workers) are trained in the use of specialized tools of quality management including elementary statistics (Yager, 1980)

Bradley and Hill (1983) note the diverse origins of the Japanese quality circle concept. For example, during the 1950's, Deming's (1970) assumption that statistical analysis would reveal causes of and solutions to problems, and that quality should be built into the product to begin with rather than inspected for, received detailed examination by the captains of Japanese industry. Moreover, Juran (1967 and 1976) argued that the quality function should be decentralized throughout the organization rather than remain a specialized function; his view was equally commanding the attention of Japanese entrepreneurs. Also, North American behavioral science research on motivation and job satisfaction pointing to the positive relationship between employee participation in job-related decisions and increased levels of job satisfaction with which Japanese industry was familiar, contributed to the emergence of the quality circle concept.

While North American managers were able to communicate their ideas to Japanese entrepreneurs, these same managers had never fully implemented them within this country, possibly owing to traditional concepts of management. As Yager (1980) has noted, we thus find the quality circle concept well developed in North America but its application lagging two decades behind while Japanese businessmen appropriated the concepts and seemingly applied them with resounding success. Ironically, quality circles were 'reintroduced' to the United States (and subsequently to Canada) during the recession climate accelerating in the mid-1970's. At this time, the superior approach to management taken by Japanese entrepreneurs made itself felt in their successful conquest of product markets such as, for example, electronics and optics. Hence, quality circles were considered as the easiest part of Japanese management style to implement.

As the introduction of quality circles into Canada is a relatively recent phenomenon, a more formal position of Canadian unions on the subject is not readily available. However, it would be reasonable to assume that the unions' response to the introduction of a circle to the shop-floor is likely to be mixed and differs from plant to plant for several reasons.

As Cole (1984:225-227) has argued, a union will first want to be certain that the management initiators of the program can guarantee top management support. Clearly, union business managers will be disinclined to go out on a limb with the membership and endorse an effort that is later suddenly discontinued. Second, unions will want some guarantee that the implementation of suggestions flowing from a quality circle committee do not result in layoffs. Third, unions will want to be certain that management maintains a balanced program that is favourable to both sides. While the operation of a quality circle can support management goals such as improved product quality and cost reductions, it should also contribute to the quality of employee working life in terms of skill development and giving workers more control over their everyday work environment. Finally, there is the question concerning the productivity increases resulting from the reduced scrap, reduced rework, reduced costs, etc., and there seemingly is a wide range of company practices in this area. Moreover, Nightingale (1982) points out that the introduction of self-directing work groups can disturb collectively bargained policies, blur distinctions between tasks and craft boundaries, and combine supervisory and non-supervisory tasks.

Quality circles consist of relatively autonomous problem-solving groups of workers at given workshops, and usually come into being on the initiative of senior management, or (sometimes) as a result of employee recommendation. Decisions to implement a circle at the middle-management level tend to be "pilot" programs, and may not have a long life span without prior approval by top executives. Moreover, circle implementation in autocratically run organizations may run the risk of failure.

Managerial values must be fully responsive to workers' desire to participate in such venture (Charney, 1983). Circles are usually headed by a foreman or supervisor, or occasionally a senior worker (a leader), and meet once a week or every two weeks for about an hour. They are specifically in charge of job-related problems, such as reducing product defects, reducing scrap, reducing the incidence of re-doing jobs, reducing machine down-time, etc., although broader problems may also be chosen (Cole, 1984). Most Canadian firms which have introduced circles seem to avail themselves of 'pre-packaged' programs offered by consulting firms or take over program approaches from companies that have had reasonable success with the implementation of a circle (cf Visser, 1982:56-63).

In the early 1980's, collaborative problem-solving through the medium of quality circles has been applied to a large variety of organizations in both Canada and the United States. These circle innovations have included not only manufacturing plants but also banks, trust companies, brokerage houses and insurance companies (Charney, 1983). While a more complete record of quality circles operating in Canada is not available, some insight into their prevalence in this country can be gained from the activities of consulting firms engaged in this line of work.

Reliable accounts of operating quality circles are available for several Canadian provinces. For example, in New Brunswick, McCain Foods in Hartland, has been operating a circle since 1984. In Nova Scotia, Hostess Chips, Kentville recently introduced a circle. In Ontario, Hostess Food Products, Cambridge has operated 10 circles since 1983. Other circles in this province have been introduced by Alcan Aluminum; Bell Canada, Toronto; Bonar Packaging, Burlington; Constellation Assurance Co., Toronto (2 circles); Crush Canada, Toronto (2 circles); Cyanamid Canada, Willowdale; Excelsior Life Insurance, Toronto (14 circles); General Foods, Don Mills; Knape and Vogt Canada, Rexdale (4 circles); Mountain City News, Hamilton; New Balance Co., Kitchener; Otis Elevator, Toronto; Royal Insurance Co., Toronto;

Toronto- Dominion Bank, Toronto (10 circles); Trans Ad, Toronto; Tridon Ltd., Oakville (2 circles); and Venturetrans Manufacturing, Kingston.[4]

In British Columbia, circles have been introduced by Air B.C., Richmond; CJOR Radio, Vancouver; EDP Industries, Vancouver; Overwaitea Foods, Langley; and Vanguard Retail, Winfield. Circles have also been introduced in Alberta by the Alberta Hospital Association, Edmonton; Foothills Hospital, Calgary (6 circles); Hook Signs, Calgary; and Neon Products, Edmonton and Calgary.

In Manitoba, Great West Life Assurance, Winnipeg operates 25 circles since 1982. In Quebec, Canadian Industries Ltd., Montreal has introduced circles; Equitable Insurance Co., Montreal operates 3 circles; and Claude Neon, Quebec introduced circles in its various Quebec operations in 1983. Finally, I.B.M. Canada, Toronto had introduced no less than 700 circles in its Canadian operations by April, 1984.[5]

While there is no reliable documentation on the operation of circles in Canadian governments (federal, provincial and municipal), some well recorded examples are available from U.S. federal government shipyards and accounting offices (Bryant and Kearns, 1982).

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[4] This unpublished information has been made available to the author by the courtesy of Thorne, Stevenson and Kellogg, Toronto Office, August, 1984

[5] Thorne, Stevenson and Kellogg, August, 1984

It is true that quality circles are often found in non-unionized firms, evidently as resistance to such innovation is less strong. However, the actual incidence of circles in the non-unionized sector in the Canadian context is not known. In a unionized setting, it has been emphasized that the quality circle arrangement is complementary to and needs to be reinforced by the collective agreement. For example, shop stewards are responsible for monitoring areas that could possibly infringe on negotiated provisions. Also, "lowering" the decision level in the organization is a necessity to achieve beneficial results, although this idea may be difficult for managers to entertain. Similarly, shop stewards may oppose the idea, if there needs to be more flexibility in work jurisdictions to improve productivity. One reason for the shop stewards' concern, according to Rinehart (1984:83), is rank and file cohesiveness and attachment to the union. Both may be weakened by the formation of small, efficiency-oriented groups, by the establishment of direct lines of communication between workers and management and by the granting of amenities which the union has been unable to deliver. Two conditions have frequently been cited as being necessary for receiving optimal benefits from the operation of quality circles: (1) continuous and open communication between immediate supervisors and employees, and (2) a willingness to share the returns from the project, which requires both a commitment and careful planning from management (B.C. Worklife Forum, 1983).

In terms of true participation in decision-making, most of the comments we have offered on problem-solving groups in the previous section do, indeed, apply also to the quality circle concept. Most of the important aspects of quality circles are, after all, problem analysis. Although a number of analytical devices may be used, the most frequent one is "brainstorming". Structured brainstorming promotes creative problem-solving by requiring each member of a circle to offer ideas or "pass" when called upon. As one U.S. authority on quality circles has observed: "Our approach is predicated on the basis that the resident experts are the people who do the work. We realize that the biggest expense today is for labor and it makes sense to reap from workers' brains as well as their bodies" (Law, 1980:4).

Such statements do not, however, make clear what the actual substances of the brainstorming sessions are to which the workers are expected to apply their knowledge and skills. Evidently, the focus of the discussion are management problems, and workers are expected to respond to the problems by attempting to think like management. Rinehart (1984:81-82), for example, found this to be true in the General Motors plants he investigated where the training of rank-and-file circle members required taking a managerial perspective of the problem to be addressed. Moreover, quality circles could *create* problems (much like problem-solving groups) both for the accountability and legitimacy of the immediate supervisor, or (in some cases) middle-management decision-making. However, overt conflict between workers and management personnel (such as may occur in resource bargaining) over the implementation of the circle is hardly a possibility. Both groups are, after all, working toward the general betterment of the firm's operations. In quality circles, access to the management hierarchy is confined largely to the immediate supervisory level.

As circle programs are often introduced by senior management, one should not expect overt opposition to their existence from career-oriented middle-managers. However, the same managers may perceive quality circles as a threat to their authority, and covertly attempt to neutralize their influence. This would likely reduce the technical and social benefits an organization expects to gain from the introduction of quality circles (Bradley and Hill, 1983). If this occurs, the autonomy of workers in the decision cycle (determining inputs, decision-rules and outputs in terms of the methods to be used to combat a quality problem) may be severely curtailed. In addition, the range and scope of job-related issues that form the basis of discussion in the circles seem to be - somewhat in contrast to the wider problem-solving concept - even further reduced, namely to the issue of quality and waste in the production process where workers may exercise full expert power. Again, we find that the bargaining structure, management policy and the prevention of resource-based conflicts by operating in the problem-solving mode do, indeed, provide workers with little decision-making power.

To what extent do existing Canadian quality circles actually mirror the Japanese experience? In Japan, quality circles have become an integral part of the corporate culture and the employee's work life. Lifetime employment provides the stability necessary for a program of continued training in the workplace. The workers' creative contribution and level of competence are examples of some of the positive benefits reaped by Japanese organizations in which individual workers are given opportunities to use the training they have received to advantage toward achieving higher levels of quality and productivity improvement in the workplace. By contrast, in Canada and the United States, the process of integrating the quality circle concept into the organization's framework and goals is not as well defined. As a result, quality circles are at times referred to as just a passing fad similar to other highly advertised motivational and work improvement programs (Mohr and Mohr, 1983:240-241; Cole et al., 1981).

Visser (1982:56-63) has provided a conceptual basis for comparing the Japanese and North American approaches to quality circles. First, the planning horizon of Japanese firms aims at achieving long-term results whereas North American industry is concerned largely with tangible, short-term, bottom line results. Second, the widespread application of QC techniques in Japan seems to have been facilitated by the extent of mathematical training which Japanese students receive before entry into the corporate world. This has made the acceptance of quantitative methods of problem-solving that is required in Japanese quality circles easier for Japanese workers than for North American employees. Third, sometimes when statistical problem-solving is offered in North American establishments, it is offered to the exclusion of human relations training - or vice versa.

Japanese business has incorporated into their training subjects including leadership, communications, human relations, and meeting skills to complement the more technical aspects of training. Fourth, the practice of shared leadership requires that individuals other than the immediate supervisor are encouraged to assume leadership in Japanese circles. This practice appears to have been discouraged in most North American organizations for fear of disrupting the traditional hierarchy of command. Fifth, Canadian and U.S. industry seems to have consistently placed a high premium on capital investment to the exclusion of investing in human resources. As already noted, this process has more recently been facilitated by the availability of easy-to-implement packages and the perception by many managers that the QC technique is a simple way to solve a firm's personnel problems (cf Marks, 1986:38).

This development provides a stark contrast to the Japanese conception of training which is motivated by the firm belief that people in the organization are the latter's most valuable resource. This is evident in the saying, "Make every man a manager" and the heavy investment of Japanese industry in education and training. Likewise, the training given Japanese workers tends to reduce differences in technical expertise between management and workers on the issues involved to an appreciable degree, and adds greater vigour and worker know-how to the operation of quality circles than is presently the case in Canada and the United States (Visser, 1982:56-63).

Mohr and Mohr (1983:241) have asserted that in Canadian and U.S. firms the first step for implementing a circle is often misconstrued as the whole plan, and insufficient thought and planning is given to how circles can become a more permanent and integral part of the organization over the long term. In this vein, Rieker (1985:79) notes that, in the haste to imitate Japanese management techniques, mistakes were and are still being made by Canadian and U.S. industry by attempting to "paste quality circles onto organizations without regard to individual organizational culture or structure....Circles don't operate in a vacuum". Considering all the publicity for quality circles over the past few years, relatively little has been written on how the initial enthusiasm and momentum can be sustained in the long run.

When this perspective is applied to the Canadian quality circles mentioned earlier, it seems that no particularly strong trend toward the "Japanisation" of these circles can be detected. By and large, these circles emerged as a result of management's desire to resolve more immediate problems of downsizing and increasing productivity to maintain the organization's competitive position or service capacity in a very resource and cost-conscious recession environment.[6] When compared to the quality circles Japanese style, these efforts do not seem to show: (1) a clearly specified relation to the organization's mission and long-range goals (if these have been identified); (2) capital investment in human resource training that is future-oriented and designed to maintain a quality assurance program; and (3) genuinely shared leadership of the circle.

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[6] This is the author's view which he developed following a discussion of this issue with Mr. C. Charney of Thorne, Stevenson and Kellogg, Toronto Office, in February, 1986

As Mohrman and Novelli (1985) have noted, an analysis of the actual impact of circles on worker productivity and morale must go beyond superficial reports of accomplishments and worker enthusiasm for the process. The causal links between the establishment of circle activity and the ultimate outcomes are tenuous and dynamic. There are, indeed, many contextual variables which can intervene in the process and negate the intended effect. It is, therefore, important to get beyond enthusiasm over participation as a concept and to examine whether this form of participation is a route to valued individual and organizational outcomes. Longitudinal research on quality circle programs is necessary to produce a literature which provides organizations with guidance as to how to accomplish goals through the vehicle of employee participation.

Summary and Conclusions

Both labour-management committees and quality circles are largely unilaterally initiated and management controlled information/communication structures which, as we have seen, provide very little decision-making power for worker participants. Whatever autonomy over the decision cycle is granted by management in these schemes is, typically, directed toward achieving greater efficiency in work methods, increases in productivity and obtaining worker commitment to the organization's goals. For example, in evaluating the operation of quality circles at a General Motors (Canada) large Diesel truck and locomotives plant, Rinehart (1984:89-90) points out that circle programs may also have a tendency to weaken the local union, dilute bargaining demands and diminish the union's presence on the shop floor.

We conclude that the differences between the functioning of labour-management committees and that of quality circles are not altogether that great. The main focus of the former is worker involvement with more general issues of an operational nature as they happen to arise. The latter has the more narrow focus of serving as ongoing quality checkpoints for the firm's product(s) before reaching the market. Yet, it may be true that achieving maximum output from a quality circle involves more intensive worker training than drawing on existing workers' knowledge and skills in more or less ad hoc labour-management meetings.

Finally, both labour-management committees and quality circles easily lend themselves to management planned production speed-ups, improving product quality and even worker satisfaction and commitment. This can be accomplished if: (1) workers are accorded a larger measure of autonomous decision-making; (2) the resources distributed to labour from these efforts are tangible (wages, working conditions, benefits, job security, bonuses for outstanding performance etc.); and (3) the freedom of association and the right to bargain collectively is not consistently substituted by labour's co-optation into government-business initiated productivity schemes without some form of contractual, statutory or constitutional protection (*see* Chapter 5).

TABLES - Chapter 6

TABLE 13

COLLECTIVE AGREEMENTS INCLUDING PROVISION FOR A LABOUR-MANAGEMENT COMMITTEE TO DISCUSS INDUSTRIAL RELATIONS ISSUES

CANADA (March 31, 1984)
(agreements with 500 employees or more)

Province	Number of Agreemts.	Number of Workers
Alberta	39	83,365
British Columbia	72	143,595
Manitoba	32	43,855
New Brunswick	16	30,075
Newfoundland	16	33,315
Nova Scotia	21	30,260
Ontario	216	361,365
P.E.I.	5	8,460
Quebec	145	372,254
Saskatchewan	17	42,085
North West Territories (+)	2	3,500
Yukon (+)	1	1,000
	582	1,153,129
Regional Contracts (*)	7	13,055
Canada-Wide Contracts (**)	77	385,190
Total:	666	1,551.374

(+) Contracts established in Public Administration only

(*) Regional contracts cover areas made up of more than one province, but do not include Canada as a whole. These contract apply largely to the railways, steamship lines, and broadcasting (C.P. Rail, Great Lakes and St. Lawrence Shipping, and Canadian Broadcasting Corporation)

(**) Canada-wide contracts refer to federal government administration and services, railways, and airlines (Air Canada, C.P. Air, Pacific Western Airlines)

TABLE 14

COLLECTIVE AGREEMENTS INCLUDING PROVISION FOR A LABOUR-MANAGEMENT COMMITTEE TO DISCUSS INDUSTRIAL RELATIONS ISSUES

BY INDUSTRIAL SECTOR (CANADA, March 31, 1984)

(Agreements with 500 employees or more)

Industrial Sector	No. of Agreements.	No. of Workers
ALBERTA		
Mining	1	500
Manufacturing	1	500
Transportation	1	1,675
Communication & Utilities	2	6,030
Trade, Retail & Wholesale	2	1,340
Services	23	46,665
Public Administration	9	26,655
Total:	39	83,365
BRITISH COLUMBIA		
Mining	3	2,805
Manufacturing	14	17,220
Transportation	6	7,960
Communication & Utilities	3	9,300
Trade, Retail & Wholesale	3	2,420
Services	30	69,335
Public Administration	13	34,555
Total:	72	143,595

(continued on next page)

MANITOBA TABLE 14...continued

Mining	3	2,345
Manufacturing	1	625
Transportation	2	1,760
Communication & Utilities	4	4,070
Trade, Retail & Wholesale	1	2,510
Services	11	14,940
Public Administration	10	17,605
Total:	32	43,855

NEW BRUNSWICK

Mining	1	1,325
Manufacturing	4	2,260
Transportation	-	-
Communication & Utilities	1	750
Trade, Retail & Wholesale	-	-
Services	5	13,000
Public Administration	5	12,740
Total:	16	30,075

NEWFOUNDLAND

Mining	2	1,450
Manufacturing	3	5,800
Transportation	-	-
Communication & Utilities	1	500
Trade, Retail & Wholesale	-	-
Services	7	20,170
Public Administration	3	5,395
Total:	16	33,315

(continued on next page)

NOVA SCOTIA

TABLE 14...continued

Mining	-	-
Manufacturing	4	2,405
Transportation	-	-
Communication & Utilities	2	2,100
Trade, Retail & Wholesale	1	1,535
Services	10	20,315
Public Administration	4	3,905
	----	------
Total:	21	30,260

ONTARIO

Mining	5	15,700
Manufacturing	79	136,995
Transportation	4	10,930
Communication & Utilities	4	18,690
Trade, Retail & Wholesale	6	12,550
Services	91	89,160
Public Administration	27	77,340
	----	------
Total:	216	361,365

PRINCE EDWARD ISLAND

Mining	-	-
Manufacturing	-	-
Transportation	-	-
Communication & Utilities	-	-
Trade, Retail & Wholesale	-	-
Services	2	2,200
Public Administration	3	6,260
	----	-----
Total:	5	8,460

(continued on next page)

QUEBEC TABLE 14...continued

Mining	13	16,890
Manufacturing	57	60,975
Transportation	5	6,855
Communication & Utilities	11	19,710
Trade, Retail & Wholesale	3	5,615
Finance	1	1,130
Services	43	222,479
Public Administration	12	38,600
Total:	145	372,254

SASKETCHEWAN

Mining	-	-
Manufacturing	4	3,170
Transportation	-	-
Communication & Utilities	3	6,400
Trade, Retail & Wholesale	-	-
Services	7	16,850
Public Administration	3	15,665
Total:	17	42,085

Source: Compiled and edited from unpublished and non-aggregated data supplied to the author by courtesy of Labour Canada.

TABLE 15

COLLECTIVE AGREEMENTS INCLUDING PROVISION FOR A LABOUR-MANAGEMENT COMMITTEE TO DISCUSS INDUSTRIAL RELATIONS ISSUES (*) BY INDUSTRIAL SECTOR ALBERTA (March 31, 1984)

(Agreements covering all sizes of establishments)

Industry	No. of Agreements	No. of Workers
Mining	20	3,173
Manufacturing	91	7,890
Construction	41	29,273
Transportation, Communication & Utilities	21	14,086
Trade, Retail & Wholesale	27	6,168
Services	42	39,932
Public Administration	77	44,471
Total:	319	144,993

(*) Industrial relations issues include topics such as apprenticeship, seniority, wage incentives, wage administration, time studies, job evaluation, employee training, subcontracting of work, insurance programs.

Not included are provisions for committees that meet periodically for the sole purpose of handling grievances, or committees concerned only with safety and technological change.

Source: Compiled and edited by the author from unpublished data made available by courtesy of Alberta Labour, Planning and Research Branch, Edmonton.

CHAPTER 7

CONSULTATION/CO-INFLUENCE STRUCTURES

The participation formats described and analyzed in this chapter are less common in Canada and claim a position around the mid-point on the unilateral/bilateral decision continuum. These are consultation/co-influence structures known under the labels of 'quality of working life' schemes and The Scanlon Plan. In terms of power relations between workers and management, these participation schemes have some common features, but they also show unique differences in the operation of the decision (or bargaining) structure. The substance of decision-making usually includes decisions on administrative issues of plant-wide scope, such as work arrangements, worker training, staff problems, health and safety issues etc.

Workers can initiate criticisms of enterprise policy and make suggestions for change that are discussed with management. While management reserves the right to make the final decision, it will provide workers with relevant information before such decisions are made. The point of access to the decision structure is often middle-management or (in some cases) even top management. As well, workers are afforded greater influence on the decision process in this particular participation format (in terms of the greater range and scope of the issues addressed). However, our central argument will be that, despite such assurances, decisions on resource distribution remain much under the control of management.

Quality of Working Life (QWL)

Toward a Definition of QWL

Most of the current literature on QWL is rather vague in terms of the key components of the concept, and how these are supoosed to interact in bringing about an 'ideal type' of labour-management relationship. Hence, it becomes very difficult for scholars and QWL practitioners alike to develop some basic criteria for the identification, implementation and evaluation of so-called "QWL projects".

Taylor (1978) has noted that a number of scholars have developed relatively short lists of dimensions of QWL, which include hours of work, wages and rewards, job security, participation in management decision-making, social integration at work, etc. (Herrick and Maccoby, 1975:63-67; Robinson, 1976). Other investigators have expanded the definition to include social relevance of work and due process at work (Walton, 1975:96-97), and Taylor himself includes organization payoffs from QWL activities. Moreover, these views on the quality of working life have been extended by some writers to include efforts designed to improve other aspects of work environments, such as ergonomics, noise, lighting, and health and safety. (Jenkins, 1981:8). As we shall see in later chapters, such inclusion of ergonomics and other technical factors in the definition of QWL appears to be common practice in government-sponsored QWL projects in the Federal Republic of Germany.

Johnston, Alexander and Robin (1978) have summarized the current dilemma regarding definition by arguing that the QWL concept has seemingly been used to embrace three separate but interrelated set of ideas:

> (1) those dealing with a body of knowledge, concepts, and experiences related to the nature and meaning of work and the structure of work organizations;
>
> (2) those dealing with the nature and process of introducing and managing organizational change;
>
> (3) those dealing with outcomes or results of the change process.

Johnston et al. (1978:1) then proceed to amplify the quality of working life concept with the following description:

> As a philosophy, QWL is rooted in strong humanistic values; as a change process, it adheres to democratic principles and procedures of Western society; as a set of outcomes it focuses on pragmatic results, results that lead to improved organizational effectiveness *and* increased job satisfaction....It is primarily concerned with the changing *nature, structure and functioning of modern work organizations and the roles of individuals and groups in relation to one another* and to the objectives of the organization. (The italics are ours).

The ideological underpinnings for these authors' view of the QWL phenomenon seem to be embedded in the work of Carole Pateman (1970), Paul Blumberg (1968), Arnold Tannenbaum and his associates (1974a; 1974b), Hunnius et al.(1973), and Jacque Grand'Maison (1975). Dahl's (1970) theory of the democratic process, Vanek's (1971) theory of democratic market socialism, and Trist and Bamforth's (1951:3-38) socio-technical systems theory are supporting ideological frameworks. This perspective of authority relations in the organization holds that labour is a legitimate stakeholder in the enterprise, and has a moral right to play a role in the management of the firm. As Nightingale (1982:51) has made clear, it is especially the work of Eric Trist and his colleagues at the Tavistock Institute in London whose socio-technical systems approach became and still is a dominant theme of the quality of working life movement in Canada. While socio-technical systems theory does not address directly the issue of authority in the organization and superior-subordinate relations, it does have important implications for management practices in the workplace. Through appropriate design of the work, employees become more self-directing and self-regulating (Trist, 1975).

In this context, it is of interest to note that the Canadian Council of Working Life (CCWL) has not attempted to develop a definition of QWL that would be appropriate to describe the application of the concept to the Canadian business scene. During its first conference held in Toronto from October 30 to November 2, 1982, the Council approved a constitution, elected a board of directors, and agreed on a mission statement. One subject of debate was the question of including the phrase "quality of working life" in the mission statement, an argument cogently brought forward by Eric Trist. However, other members of the board felt that the phrase "quality of working life" might alienate certain unions whose collaboration the CCWL needed. Consequently, the phrase was omitted from the CCWL's mission statement (Canada, 1983:8).

By contrast, the Ontario Quality of Working Life Centre (van Beinum, 1984), in existence since 1978, has recently re-defined QWL in the following way:

> Quality of Working Life is determined by many factors which govern the relationship between people and their work environment. Anyone's list includes such well-recognised conditions as wages, hours, job security, due process and health and safety. But QWL is also determined by the fact that people have the ability and willingness to learn, and the need and capability for responsibility and autonomy. Whether or not these basic needs are accommodated depends on their recognition in the way work is organized. All these conditions together form a domain which we can call Quality of Working Life. ...QWL portrays the context, *the structure of a new organizational system, which is based on workplace autonomy and self-management* (Italics are ours).

In a most recent article (van Beinum, 1986:7), the Centre, in an attempt to further sharpen this QWL definition, adds that

> ...when the term QWL was coined in the early 1970's, it was probably a mistake for the various international networks that had been working for many years in the field of the democratization of work, to use this label when forming themselves in 1972 into the International Council for QWL. By using that term, we obscured the democratic thrust that was the real meaning of the new forms of work organization, thus creating confusion and hindering its development. *QWL refers to...work systems in which people are directly involved in the decision-making process affecting their job and work environment.* (The italics are ours)

The proliferation of quality-of-working-life definitions are clearly due to a failure of the present literature to relate the quality-of-working-life phenomenon more meaningfully to job satisfaction and decision-making research. Indeed, comprehensive reviews of the job satisfaction literature such as undertaken by Blauner (1960), Vroom (1964), Kahn (1972) and, more recently, Srivastva et al. (1977) indicates a whole variety of variables which, when formed into clusters, seem to lay a foundation for an improved and more concise definition of the quality-of-working-life concept.

Barbash (1976), for example, advances several reasons why job satisfaction research is likely to remain the most frequently used technique for identifying work problems and their possible causes: (1) the labour force is younger and better educated; (2) the "affluent society" is generating higher levels of expectations; (3) industrial relations in the advanced countries have erupted into a "crisis of authority" marked by shop-floor militancy; and (4) a behavioural science of work is emerging which makes it possible to use objective standards in identifying the problems at the workplace, their sources and possible remedies.

The voluminous body of research findings on job satisfaction combined with the economic and social developments noted by Barbash (1976), and the high costs involved in terminating and replacing workers (Doeringer and Piore, 1971) are, in our view, largely responsible for the birth of the quality-of-working-life work reform movements in North America and some European countries in the early 1970's. Therefore, we will assume that the job satisfaction survey is still an indispensable measure of the quality of employment (or the quality of working life, if one wishes), an observation also made by Seashore (1973:23). Hence, developing an improved theoretical definition of the quality-of-working-life will be greatly assisted by regarding this phenomenon as a cluster of satisfying/dissatisfying conditions in the work environment.

As the review of the job satisfaction literature by Srivastva et al. (1977 :xvi) is the most comprehensive,[1] we will base our further observations on these authors' major findings. In the over 600 studies which they examined, the following results received the most support:

1. The intrinsic nature of the work itself is positively related to satisfaction and negatively related to absenteeism and turnover;
2. Autonomy is positively related to satisfaction and performance;
3. Democratic supervisory style is positively related to satisfaction;
4. Supportive supervisory style is positively related to satisfaction;
5. Organizational climate (reflecting management support, open communication lines, and autonomy) is

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[1] These authors searched the literature on job satisfaction, worker performance, absenteeism and turnover that was published between 1959 and 1977. They based their report on a comprehensive review of slightly over 600 studies representing policy-related research. Included in these studies were 57 field experiments, e.g., innovations actually implemented by organizations.

> positively related to satisfaction and, in most cases, to performance.

Srivastva et al. (1977) found further that, when these findings are examined together, the theme of *autonomy* emerges as a significant organizational factor related to both satisfaction and productivity. The concept of autonomy appears as an important aspect of the work itself, the nature of management-worker relations, and the organizational climate of work. For example, Lowe and Northcott (1986:119), in their recent study of Canadian postal workers, indicate that factory-like conditions, characterized by poor supervision, a lack of decision-making autonomy, menial and repetitive tasks and automated work processes, affect employee health negatively.

On close scrutiny of the variables contained in these findings, we find that they have a common base in that they relate to the management decision process. First, management grants some measure of autonomy and support (or none at all, as the case may be) to workers in performing their everyday tasks. Second, it keeps communication lines (more or less) open to receive worker recommendations for decision, and to decide (with some or no degree of worker involvement) on the recommendations made. When looked at in this fashion, findings 2 to 5 can be merged into one QWL dimension which we will simply call 'management decision process'.

In his review of QWL writings, Taylor (1978) repeatedly found references to a safe and healthy work environment as being a requisite for enhancing the quality of working life. This could include variables such as accident prevention measures, and exposure to work in certain geographical locations, noise and toxic substances, heavy physical work, ventilation and temperature conditions (cf Lowe and Northcott, 1986). It is obvious that these variables are likewise important factors contributing to that evasive phenomenon called QWL.

As we are concerned here with developing a QWL definition in relation to organizational decision-making for policy purposes, we can now group this information into the following QWL dimensions:

1. Job Content
2. Management Decision Process
3. Work Environment

We will assume that these dimensions (or clusters of variables) represent the bare essentials of a so-called QWL approach to organizational change. We will further assume that the management decision process is the key dimension of these, in that it alone can change the other two dimensions to the mutual satisfaction of worker and organization. If this formulation is acceptable, then the only means for workers to change the quality of their working life (if they so desire and wish to remain with the enterprise) is through participation in management decisions concerning their job and work environment.

We can now define QWL approaches in this thesis as: *attempts to change, via participation in decision-making, workers' control over and satisfaction* *with issues related to organizational structure, the content of their jobs, and whatever environmental conditions happen to prevail in their work environment.* It is apparent that increasing commitment by an organization to changing job content and possibly creating safer and healthier working conditions is a good beginning. However, changes to the prevailing organizational climate by allowing for greater worker participation in management decisions is likely to bring about more lasting and satisfying change for both parties.

Shaping and changing the quality of working life in the organization to the mutual satisfaction of employer and worker can, in our view, be accomplished only in the bargaining exchange for organizational resources. The degree of power-sharing that is allowed by management policy in this encounter will then determine the nature and duration of the particular participation structure in the organization to which the literature on participation has attached a variety of content labels (problem-solving groups, works councils, Scanlon Plan committees, quality circles, board representation etc.). The effectiveness of these schemes will, however, depend heavily on the extent to which each of the QWL dimensions identified have been allowed to enter the employer-worker relationship.

If this view is accepted, we are convinced that people will gain a better understanding of the QWL phenomenon than is presently provided in the literature. This understanding will be improved not only in terms of what QWL represents in relation to the organizational decision process but also in terms of the degree to which its dimensions appear to be present in the various QWL projects in Canada. We propose to critically examine both aspects in this section. Each of these approaches carries with it varying degrees of co-influence in terms of worker autonomy and decision-making power, which will receive our special attention in the next section.

QWL in Practice

Increasing foreign competition during the mid-1970s seemingly provided some impetus for Canadian managers to subscribe to voluntary experimentalism in the QWL area (separate from the collective bargaining agenda). Such managerial ideology was obviously directed toward enhancing productivity and reducing labour conflict. It is thus possible, as Kochan, McKersie and Cappelli (1984 :18-19) have noted, that management representatives in collective bargaining may wish to maintain a status-quo relationship (or seek plant-level concessions). In the same organization, corporate management may follow an aggressive union avoidance policy while shop-floor management works to promote worker involvement and participation (sometimes with and sometimes without the support of the local union).

Canadian unions are strongly opposed to QWL involvement outside of a collective agreement. This can be seen in the response of powerful and influential Canadian unions such the Energy and Chemical Workers Union (ECWU) and the United Steelworkers of America (USWA-Canadian Division). We have already discussed (in Chapter 5) the success of the Shell management group and the ECWU at the Shell, Sarnia plant in concluding a QWL collective agreement which is unique on the Canadian labour-management scene. Further in this vein, the policy statement of the USWA,[2] for example, clearly stresses the primacy of collective bargaining as the appropriate tool to introduce joint labour-management programs and maintains that

> Bargaining is the active form of industrial democracy. It is the proven method which enables workers to find answers to problems related to the work environment of which job satisfaction is but one aspect. By contrast, humanist theories come from the top down. In some respects, QWL represents a power challenge from theorists and consultants who often present themselves as substitutes for staff representatives or union educators. This type of involvement is inappropriate and beyond their area of expertise in any event. (p.12)

Many labour leaders remain, as Thacker and Fields (1985:168-176) have noted, still uncertain, skeptical or uninformed, despite accumulating evidence that the "silent majority" of union rank-and-file members desire QWL involvement. This view also coincides with the findings of other investigators (Holley, Field and Crowley, 1981:309-329; Lampkin, 1982).

In Rankin's (1986:4) view, it is not a question of whether the two "separate" processes of QWL and contract negotiation and administration will collide, it is a question of when. This particular author asserts further that in industries where strong unions have negotiated elaborate contracts, such "collision" is likely to occur relatively soon. In the public sector with its more recently formed unions and more restricted bargaining scope, the confrontation may be delayed but not avoided. The extent to which quality of working life initiatives will gain the support of Canadian unions depends largely on the perceived and real dangers to union participation in these projects. As Wells (1986:38) indicates, these dangers are partly "political" in the sense that they affect the electoral fortunes of individual union leaders and leadership factions. At a deeper level, these dangers concern the very structure of union representation and the future of collective bargaining.

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[2] USWA (United Steelworkers of America) "A Trade Union Agenda On Quality of Working Life", policy paper presented by Simon Guillet to the EUROJOBS-1984 Conference on Productivity and the Quality of Working Life in an Age of Advanced Technology, Paris, France on September 13, 1984. Quotation from courtesy copy given to the author by Mr. Guillet.

In Canada, the majority of QWL initiatives were introduced under the federal government's Quality of Working Life Program in 1978. This program was designed to assume a facilitating role in bringing labour and management together to effect organizational change and (obviously) assist employers to raise productivity levels. In order to accomplish this objective, Labour Canada initially provided funds to Canadian universities to develop courses on labour-management problem-solving and improving the work environment. Moreover, the Department trained regional officers to work with unions and management in an effort to develop joint projects that would qualify for government funding (Canada, Study Team Report, 1986:71-73). Such funding support generally took the form of "seed money" to assist organizations in commencing the work necessary to ensure successful project implementation (fact-finding surveys, organizational analysis, and the training of facilitators to sustain the change process, etc.). Some indication of how these funds were distributed is given in Table 16 at the end of the chapter.

On the recommendation of the Nielsen Task Force Report, the Labour Canada Quality of Working Life Program was terminated as of April 1, 1986.[3] Following a comprehensive evaluation of the program by external consultants, the Task Force concluded that termination of the program was indicated for several reasons among which were the following:

> o Almost three-quarters of the funds were expended for activities which were not directly related to specific problem-solving (conferences, courses and travel etc.);
>
> o The C.L.C. (Canadian Labour Congress) has strong negative feelings toward the program, as it believes that management takes advantage of it for "union-busting";
>
> o The program is extremely high-cost to administer - more than half the cost is administration;
>
> o There is provincial activity in this field.
>
> (Canada, Study Team Report, 1986, p. 73)

These federal government-sponsored projects largely represented socio-technical systems interventions which frequently involved the use of autonomous work groups in the restructuring of work methods, adaptation of workers to new technology or the re-design of operational structures (Trist, 1975; Seashore, 1976; Walton, 1974).

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[3] See also: Editorial - "Termination of QWL Program" in last issue of *Quality of Working Life: The Canadian Scene*, Vol. 9, No.1, 1986, p.1 - This editorial states that Labour Canada's decision to terminate the program was taken "in the general context of budgetary constraints and the government's commitment to reduce the size of the public service."

The prominent notion of the autonomous work group has been developed by social science theorists and practitioners from the socio-technical school (Susman, 1976). When such a group is formed, members of a small team (usually 20 or fewer individuals) are given major responsibility for planning and executing a whole and meaningful piece of work. They are, moreover, encouraged to develop close ties with one another in carrying out work assignments. The basic idea is that the group provides a setting in which the social (interpersonal) and the technical (task technology) aspects of the workplace can be integrated, and can support one another (Trist, 1963; Katz and Kahn, 1966; IPM Institute of Personnel Management, 1974; Cherns, 1976). Too much emphasis on either the technical aspects of production or on people and human relations (in isolation from each other) is likely to be counter-productive. Both aspects require a careful "balancing", and autonomous work groups are an attempt to achieve this balance. Some authors note that the best known cases are those which have, for example, replaced the traditional production line (Lindholm and Norstedt, 1975).

Laing (1984:307-327) has recorded the introduction of autonomous work groups as a QWL feature at Syncrude Canada Ltd. (S.C.L.) at Fort McMurray, Alberta. The team management concept was originally advocated at S.C.L. by the

President and Chief Executive Officer. Subsequently, a group of S.C.L. executives undertook to study a number of socio-technical systems operating in Canada and the United States. This group was particularly impressed with the Dofasco plant in Hamilton, Ontario, the Shell Chemical plant in Sarnia, Ontario, and the Esso Resources gas plant at Redwater, Alberta. From this experience, the S.C.L. executive concluded that it was possible to develop a work environment in which all employees (occupational, technical and professional) were treated uniformly. All employees would share the same benefits, punch no time clocks and work directly together with management personnel to create a satisfying, productive work environment. Pay scales were, of course, in keeping with education and experience. The major objective of this team-building exercise was to work out and implement a 12-hour compressed shift schedule, and to create more interesting and challenging work.

The implementation of team management required that all employees be divided into functional areas (such as maintenance, mining, administration,etc.). In order to promote work-group identity within each functional area, employees were then divided in terms of the tasks they were expected to perform as well as their production objectives. Those with similar tasks and goals were required to form a team of about 8 to 12 individuals. Where a greater number of employees were involved in the same tasks and goals, additional factors such as shift or physical location became also points for consideration in team formation. This subdivision of workers performing similar tasks into small teams is not unlike the arrangements we find in quality circles, except that the groups pursue the more specific objectives set down by management instead of quality control work and, ultimately, report to higher levels of management through the immediate supervisor. However, the danger of becoming engrossed in competing with other teams in the achievement of management objectives is likewise present. As Wells (1986:21) has pointed out, workers in the same work group may be influenced to pressure each other to comply with management's guidelines for co-operation.

All employees of the company belonged, by this arrangement, to at least one team; some employees had, however, duties related to many functional areas and became "floaters" on several teams. This was particularly true for senior management in that operating managers were ostensibly members of several teams within their functional area, as were members of the corporate management team. Other employees involved in areas such as labour relations and personnel work were also apt to become members of several teams. The supervisors of a functional area became team leaders, and as they belonged also to their own team (or teams), all levels of employees were "linked" to a larger team. This situation ensured that management had immediate and monitored access to workers' knowledge and skills.

Effective participation in teams requires, of course, changes in traditional attitudes, work assignments and responsibilities on the part of both employees and management. Employees are encouraged to take greater responsibility for their own actions and the kinds of decision-making they are involved in.

This, in turn, requires self-motivation, the ability to influence and be influenced by others and a co-operative attitude.

The establishment of production objectives is accomplished via a process which we may call "team management-by-objectives". The team identifies key result areas, or output areas and, following this, a set of goals or specific results in order to achieve the general objective (*set by management)*. For example, a particular S.C.L. mine team could identify production scheduling as a key result area (K.R.A.), then specify more detailed goals in terms of the amount of tar sand to be moved by specific dates. A more detailed action plan is then set out, indicating the specific steps to be taken to achieve this goal. Another K.R.A. for this same team might be safety and waste control, which would involve goals like "no accidents" and "a clean worksite". All work teams monitor their own progress in achieving the goals associated with each K.R.A. Within this management system, all employees are accountable to the appropriate vice-president and other relevant managers on two levels: *what* has been achieved (in terms of K.R.A.'s), and *how* it has been achieved.

In an effort to assist employees in functioning in a team environment, S.C.L. has an Organizational Effectiveness Division (OED) which is responsible for familiarizing new employees with the team concept. All newly hired or promoted managers, supervisors, and professional staff are given a one-week off-site training course called "Managing-in-Sync" whereas operating personnel are given a three-day short course. During these courses, and others periodically put on by the OED as refreshers, employees are instructed in the principles, goals and mechanics of team management (Laing, 1984).

A close analysis of this QWL project reveals that its introduction by S.C.L. had two major objectives, namely (1) to attract employees to an isolated worksite and a rapidly growing community with its attendant housing and recreational supply problems, and (2) to prevent union organization in an industry of such highly significant impact on the Alberta economy and, in this manner, secure "labour peace". The introduction of team style management (very possibly) appeared to represent a feasible solution to these problems.

The accounts available on this particular experiment indicate that the nature and range of issues discussed by the various teams are strictly operational, and their scope confined to worksite contingencies. Worker participation in the decision cycle is restricted to the decision output stage in setting key result areas and goals to be achieved in these areas. However, at this stage of the decision process, employee teams are given a fair degree of autonomy over *what* is achieved, and *how* it is achieved, as long as the strategic objectives set by management are not bypassed.

Access to various levels of the management decision hierarchy is facilitated through the direct "linkage" of operating and corporate management personnel with the individual teams, and through the supervisor's role as team leader.

It seems that this particular arrangement provides some incentive for employees to participate, although it would be difficult to gauge the actual degree of satisfaction different employee groups are deriving from this style of management without an anonymously conducted survey of employee sentiments. Nevertheless, a fair amount of co-influence chiefly between immediate supervisors[4] and workers appears to take place in this kind of project, although worker autonomy over the decision cycle is limited by management fiat. This means that participation in management decisions remains - in terms of the range and scope of issues that are permitted by management policy to enter the decision cycle - confined to strictly co-ordinative and operational decisions.

Top management's policy concerning the general operation of the plant and objectives to be achieved are reinforced through compulsory training programs and refresher courses given to both managing personnel and employees. The core aspects of these programs encompass management's strategic and operational decision rules (or "rules of the game"), and determine the extent to which participation can take place. As such, it appears that this does not represent training to raise the general skill and knowledge levels of management personnel and workers for more autonomous operation, but rather to obey and implement top management's policy more effectively.

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[4] Typically, this group could be opposed to any measure challenging their traditional authority. However, as all employees were ultimately responsible to a corporate vice president, outright opposition to the system or deliberate misrepresentation of the facts by the supervisors was to some degree controlled by top management. Evidently top management was aware of this possibility.

Other QWL projects in Canada which have used the conventional autonomous work group concept represent more or less variations on the approach taken by S.C.L., in that they stress changes to the technical or social environment of the worksite to varying degrees. Some examples are Air Canada's Work Improvement Program (WIP) introduced in 1977 (Wright and Lareau, 1984), the design of the Everdell Gas Plant in Rocky Mountain House, Alberta in 1980 (Dresner and Younger, 1984), designing Petrosar at Corunna, Ontario in 1974 (Ondrack and Evans, 1984), organizational revival via QWL at Artisan Manufacturing, Surrey, B.C. in 1978 (Rosenbaum and Dresner, 1979); Canadian General Electric at Peterborough, Ontario in the early 1970's (Fuerst, 1975); and other projects, mainly in Ontario, which have used the team concept with some success, such as Inco Metals., Copper Cliff, Sudbury; MacMillan Bloedel (R. Laidlaw Lumber Co. Ltd.), Thunder Bay; Union Carbide Canada Ltd., and Moore Township. (Mansell et al., 1978). It seems that Canada's energy and raw material exporting industry has stressed these participation schemes in order to establish and maintain a high degree of operational efficiency and productivity ~~in~~ competing for foreign markets.

In more general terms, the core attribute of autonomous work teams is autonomy for the group to make decisions about methods for carrying out the work, scheduling a variety of work activities, assigning different individuals to different tasks and (sometimes) deciding which individuals will be permitted to join the group as new members. Just as "pseudo-participation" in organizations may be worse than no participation at all, autonomous work groups should not be formed, unless there is reasonable assurance that the end result will not be, in Hackman and Morris' (1975) terms: "a frustrating state of 'pseudo-autonomy'". This requires that management is both willing and able to provide the group with real autonomy to carry out the work assigned to it.

One possibility of dealing with the problem described by Hackman and Morris (1975) is for the manager to move from managing the activities that take place within the boundaries of a group to helping the group to manage these boundaries by itself. In this manner, the manager would assist the group in contacts with other groups and serve as the advocate of the group with higher levels of management and leave to the group itself routine decision-making about the work as well as coping with crises. Also, the manager might become something of a process consultant to the group, and assist members in their integration into the task-effective and socially-rewarding team (Gulowsen, 1972). Unfortunately, this provides immediately a setting for differences between supervisor and the group, as supervisors have been vested with real authority in managing the group which they must now relinquish by serving as a consultant to it. In order to minimize the effects of such possible conflictual encounter between manager and group, Guest and Fatchett (1974), for example, suggest that the organization provide the opportunity for managers to learn new skills that are required in their new leadership roles.

Thus, it seems that, if autonomous work groups are to be an effective component in the company's production line, they must be accorded a fair measure of autonomy within their sphere of operation. They have the expertise to do the job well; they can exercise almost unlimited control over the decision cycle in determining inputs such as manpower and materials; they can set decision-rules at the immediate operational level, and how these are to be applied to the tasks to be performed (material handling, work pace, etc.); they can largely determine the outputs of the group in terms of quality standards, production quotas, lead time for delivery to customers etc. The decision-making power of the group is, of course, further enhanced where the number of feasible choices for which the group can establish decision-rules is greater than those imposed by management. Again, however, this may increase the potential for conflictual encounters to a level which many employers may be reluctant to accept.

An *effective* autonomous work team, when compared to the problem-solving groups (including quality circles) mentioned earlier, represents a more advanced participatory arrangement. Labour-management consultations on issues of mutual concern are permitted instead of basic information exchanges. As such, workers gain a modest measure of decision-making power and may enjoy a more permanent existence as a group (excepting the quality circle on this latter dimension). But, again, worker autonomy over the decision cycle is restricted by management policy which does not permit any worker decision rule setting on strategic and resource-based issues. This argument seems to gain some support from a close examination of the QWL initiatives recorded by Cunningham and White (1984), and also applies to a number (if not most) instances reported by Mansell et al. (1978) when our analytical framework is applied. A number of these experiments have been mentioned in this section, and most of them address largely two of the QWL dimensions we have defined, namely changes in job content and the work environment. Projects addressing the management decision process proper (such as the Shell, Sarnia case) appear to be the exception rather than the rule. In short, the vast majority of QWL experiments we have examined represent little more than typical problem-solving situations, and very rarely permit access to levels of the management decision hierarchy beyond the immediate supervisory function.

With training being directed toward achieving top management's strategic objectives, the potential for the occurrence of conflict over goal incompatibilities in the distribution of strategic resources such as occurs in the collective bargaining process seems to have been removed from most of the present Canadian QWL initiatives.

In concluding this section, it is of interest to note that changes to the work environment in the area of occupational health and safety now require joint labour-management consultation committees in the federal jurisdiction and most provincial jurisdictions (excepting Prince Edward Island and Nova Scotia). The function of these committees is to establish enterprise safety and health policy and to oversee the application of legal guidelines. The pace-setting legislation was introduced in Sasketchewan in 1972 (Manga, Broyles and Reschenthaler, 1981; Adams, 1983; Riddell, 1986:89). The Sasketchewan model, or as it is often called, the "internal responsibility system", confers three rights on employees:

- the right to be represented by joint labour-management/health and safety committees
- the right to refuse hazardous work without penalty
- the right to information about the hazards of employment

Alberta has provisions for committees to be organized on a voluntary basis. In Manitoba and throughout the federal jurisdiction, committees are mandated at the discretion of the Minister of Labour. In other jurisdictions a committee must be established if the number of persons employed in the workplace exceeds a certain limit.[5] The advantage of this committee structure over most QWL experiments is rather obvious in terms of the greater opportunity which it provides for accessing higher levels of decision-making, and in terms of its more permanent existence and improved potential for genuine consultation through statutory support. While the range of issues that enter the decision cycle is confined to health and safety matters, the committee can, however, make resource-based decisions. These factors when taken together appreciably increase worker decision-making power on these committees.

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[5] For greater detail concerning the involvement of government agencies in occupational health and safety issues see: Report: Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, Minister of Supply and Services, Ottawa: 1985, pp. 721-731

Special Co-Influence Structures

A special application of the QWL concept, as we have defined it, is the Scanlon Plan. Named after Joseph Scanlon, a union leader in the 1930's, the Plan encompasses (like other quality of working life participation schemes) a set of principles that are designed to foster team work on the shop floor. Nightingale (1982:209-210) notes that the diverse applications of the plan have three components: (1) a philosophy, (2) a participative committee system, and, (3) a financial incentive. Scanlon's philosophy can be best described as consistent with McGregor's (1960) Theory "Y": a belief that workers are able to self-direct their activities, possess some creative potential, and that they will contribute to the success of the organization if given the opportunity. The success of the Scanlon Plan depends heavily on managerial attitudes toward participatory management (Strauss, 1978).

The second aspect of the Scanlon Plan calls for a system of participatory committees in which workers and management share technical and financial information. The functions of these committees have been described by Lesieur (1958) as discussing "ways and means of eliminating waste, easier and better ways of doing the job, the departmental schedules for that month, and anything else that might pertain to the work going through the department that month". Typically, two kinds of committees are established, both of which meet monthly, namely "production committees" and "screening committees".[6] Production committees most often consist of two or more representatives each from labour and management. Union representatives may either be elected by the bargaining unit or appointed by the union leadership. Management representatives are appointed from the plant management hierarchy, and are usually underrepresented at production committee meetings. There have been meetings, for example, where five or six union members have encountered only one management representative with decision-making power in the company.

While practices vary from committee to committee, final decisions by management on suggestions brought forward by employee representatives are often not made at this level, and no formal vote is taken. Management reserves the right to accept or reject any suggestion filed with a production committee. Moreover, production committees do not deal with matters covered by the collective agreement, such as grievances, wages or working conditions. The reason for not accepting particular suggestions will be explained to employees, as the committees are responsible for maintaining a continued interest in submitting suggestions. Also, unlike traditional suggestion schemes, no individual rewards are paid under the Scanlon Plan, as the plan involves a group incentive scheme (Lesieur, 1958; Anderson and Gunderson, 1982).

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[6] In the United States, for example, three-tiered Scanlon Plans are also known to operate. These have, in addition to the production committees and screening committees a 'planning and review committee' (cf Miller and Schuster, 1987:170).

The minutes of the production committee are forwarded to the "screening committee". Screening committees vary in size from eight to twelve members and, unlike production committees, union and management representation is fairly balanced. Membership consists of top union officials (President, Vice-President of the local), and employee representatives from areas under the jurisdiction of the production committee. Management representation must include top decision-makers within the organization, such as the President or Vice-President, Treasurer, Plant Superintendent, etc. The screening committee is charged with the reponsibility of discussing and adjudicating any suggestions that have not been resolved by the production committees. As Nightingale (1982:211) has noted, this committee may act as a "court of higher appeal" for employees whose suggestions were turned down by the production committee. The organization's performance during the previous month and some suggestions concerning the company as a whole (economic climate, market competition) and factors involving major expenditures are also discussed by the screening committee. Finally, the size of the Scanlon bonus is determined and matters concerning its distribution decided upon. Again, no votes are taken at the screening committee level; and, again, management reserves the right to accept or reject any suggestion that has been presented.

The institution of the "screening committee" in the Scanlon Plan presents a contrast to most QWL autonomous work groups and action planning groups, in that it affords workers access to higher levels of decision-making. The presence of high-echelon decision makers at screening committee meetings, has seemingly induced some writers to call the Scanlon Plan "the closest equivalent to the European ideal of workers' participation in management" (Strauss, 1978). Yet, this view overstates the actual conditions prevailing in West German firms, as we will demonstrate in the presentation of the data pertaining to existing participation schemes in that country. Provided the Scanlon bonus is paid on time, the Scanlon Plan appears to minimize overt conflict through its in-built system of "checks-and-balances" in the form of the two-tier committee structure and (possibly) through its provision for worker access to higher level decision-makers. Yet, it appears to fall way short of the mutually obligatory structures that are contained in some European style participation schemes running parallel to existing legislation. Importantly though, the plan allows for maximal inputs into the decision cycle by individual workers as well as participation in the implementation of managerial decision outputs. However, the gains made in reaching the doors to the boardroom seem to be minimized by the managerial taboo on worker participation in setting decision-rules determining the final position of the company. Except for this limitation, the plan permits a fair share of worker participation in rendering considerable expertise at the decision input stage, namely in co-influencing the nature and scope of the substantive issues to be discussed by the two committees when compared to inputs imposed by management. Also, Scanlon Plan committees can be relatively permanent structures, provided certain internal matters as well as conditions external to the organization are met.

The Scanlon Plan differs from QWL initiatives in terms of matters relating to participation procedure, design, participant task orientation and the exercise of power strategies. For example, QWL efforts are (frequently) government-sponsored, have time limits for their completion a consultant coordinating the project. By contrast, the Scanlon Plan, where it has been adopted, is a relatively enduring structure in the organization not requiring third-party moderation and government patronage. Most QWL designs are aimed at increasing worker productivity and motivation levels via work restructuring and organizational re-design attempts, etc.; whereas, the incentive in the Scanlon Plan scheme is provided via worker participation in production and screening committee activities and in setting the Scanlon financial bonus.

The task facing participants in QWL projects may be joint decision-making on a wide range of issues which may have long-lasting effects for the company. In Scanlon Plan companies the issues discussed by the two-tier committee structure refer largely to issues of immediate concern to both parties: waste elimination, improving ways of doing the job, and matters on the production schedule for a given month, as noted by Lesieur (1958). While the use of power play between the parties is minimized in QWL efforts, some exercise of power strategies would appear to be present in a Scanlon Plan operation, in the *event the Scanlon bonus is not paid, or is not paid in time*. Within the bounds of our definition, the Scanlon plan, therefore, offers greater potential for worker decision-making power in the management decision process than the majority of government-sponsored QWL projects we have examined. This is especially so, in that access to higher levels of the management decision hierarchy is provided through the screening committee function.

The Scanlon Plan has had relatively few applications in North America. Nightingale (1982:209) notes an estimated 200 Scanlon Plans in the United States, and about 10 such plans in Canada. A prime example of a Scanlon Plan operation in Canada is Hayes-Dana Ltd., a U.S. based manufacturer of automobile parts in St. Thomas, Ontario. This plan follows the conventional design just outlined, and has five production committees, one for each of five 'zones' in the plant, which meet once a month. The screening committee consists of five elected employee representatives and includes the president of the union (International Associaton of Machinists and Aerospace Workers, Local 1703). There are also five appointed management representatives on the committee, one of whom acts as chairman. This committee also meets once a month.

More recently, two additional committees have been formed at Hayes-Dana, namely an "operating committee", consisting of three union and three management representatives, and a "task force" (a group of employees which meets with management during working hours). The operating committee is empowered to suggest changes in the Scanlon Plan that may have become necessary over time while the task force was created to discuss problems which are especially bothersome and intractable. Hayes-Dana management and employees decided that task forces can be an effective means of mobilizing broader support and participation in the plan (Nightingale, 1982; Mansell et al., 1978). One might agree, however, that task forces are not a good substitute for ongoing committee activity, as strategic decision-rules have already been established by management. Task forces are a one-shot approach to resolving issues of mutual concern and tend to 'neutralize' any potential for conflict occurrence encountered in genuine resource bargaining.

Summary and Conclusions

This chapter introduced two forms of consultation/co-influence structures: quality-of-working-life initiatives which originated in the relative prosperous 1970's, and the Scanlon Plan which emerged during the late 1930's. Each of these schemes offers different opportunities for the exercise of worker decision-making power, with the Scanlon Plan perhaps being something of a hybrid in that it contains elements of both a consultative and co-determinative participation decision format.

We conclude that QWL initiatives represent a step further in the search of Canadian business for labour's consent in restructuring organizational designs to meet the emerging higher levels of worker expectations, increasing demands of foreign competition and the introduction of new technologies. With the support of the federal government, Canadian employers were prepared to grant working poeple greater control over issues related to organizational structure, job content and the general work environment.

This development represented a welcome change to workers from basic labour-management information exchanges to actual consultations on issues of enterprise level significance. Yet, while QWL initiatives permit consultation on issues of wider range and scope than the labour-management committees and quality circles examined in the previous chapter, the vast majority of them are, nonetheless, problem-solving exercises initiated and controlled by management to enhance worker commitment and productivity. Only very rarely (as in the Shell, Sarnia case) has the autonomy or self-regulation granted workers by management been secured by a stipulation in the collective agreement, which would have made the issues involved subject to resource bargaining, and hence genuine participation.

Such reluctance of the Canadian business establishment to commit itself fully to these endeavours is, as Wells (1986:41) indicates, also expressed by the fact that the majority of QWL schemes has been initiated by management in the non-unionized sector. Here, no collective agreement clauses could counter the existing balance of decision-making power between management and workers, and any concessions management was willing to make were a welcome change for the workforce. It is our firm belief that, as noted in Chapter 6, QWL initiatives can engender continued worker satisfaction and commitment only if (1) workers are granted better opportunities for autonomous decision-making; (2) the resources distributed to Canadian labour are tangible; and (3) the prevailing government-business alliances permit the inclusion of these opportunities and resources in the collective agreement and/or statute.

When we compare the QWL initiatives to the few Scanlon Plan operations that exist in Canada, we find that in the latter workers can not only access the highest levels of decision-making via the screening committee, but they are also given the opportunity for joint-decisions on resource based issues (the Scanlon bonus). Short of being a co-determination structure where workers have veto rights and are usually involved in setting objectives for enterprise policy making, worker rights to participation are secured by contract. Perhaps it is no coincidence that the Canadian business establishment has not overly favoured the introduction of Scanlon Plan schemes as shown by the limited number operating in this country.

TABLES - Chapter 7

TABLE 16

LABOUR CANADA

QUALITY OF WORKING LIFE PROGRAM
(Distribution of 1984/85 QWL Funds)

BY RECIPIENT:	($000)	BY PURPOSE:	($000)	BY REGION:	($000)
Institutions	96	Projects for Change	141	Atlantic	90
Companies	68	Conferences/Courses	245	Quebec	128
Unions	51	Travel, Accommodation & Tuition	64	Ontario	96
Universities	172			Western	100
Individuals	64			Pacific	37
Totals:	451	Totals:	450	Totals:	451

Note: The total number of grants given in 1984/85 was 84. Of these, 51 were for travel, accommodation and tuition. The beneficiaries were employers and employees. From 1981 to 1985, 53 companies benefited from the program.

Source: "Study Team Report to the Task Force on Program Review", *Improved Program Delivery*, Minister of Supply and Services Canada, Ottawa: 1986 (also known as Nielssen Task Force Report) p.72

CHAPTER 8

CO-DETERMINATION FRAMEWORKS

Employee representation and power-sharing at the board of directors level in North American organizations is relatively rare. Here, decisions are made jointly by management and worker representatives, and situations where this form of participation is permitted usually occur in collective bargaining or in selected participation schemes. The decision substance may be large in range and scope and is concerned with setting objectives for enterprise policy-making. Board level representation depends heavily on two major factors, namely: (1) the general nature of ownership, and (2) the kind of organizational decision structure on which worker representation is based.

First, organizations may experience *shared ownership* e.g. workers may share ownership of the enterprise with a group of private sector shareholders. They may experience *employee ownership*, e.g., only employees of the enterprise can purchase and own shares or stock issues of the company. Or they may even experience *public ownership*, e.g., the organization is owned by the state or a public body.

Second, the kind of decision structure under which board level representation occurs is extremely important in that it largely determines the extent of *actual*, as opposed to nominal, worker participation in management which takes place. The key variable here is, again, the degree of decision-making power which workers can exercise in a given situation. This simply means that board level representation, while often intuitively interpreted as the very "ideal" of participation, may in actual fact turn out to be much less than workers expect. Frequently, crucial decision rules may, for example, have been set by managers and staff experts at lower levels of the organizational hierarchy who have selected certain inputs for board approval.

Shared Ownership

In Canada, we have several recorded cases of shared-ownership participation in decision-making in the private sector. This kind of organization faces, however, a substantial problem of a legal nature, unless it is a Canadian or U.S. owned subsidiary in a foreign country where co-deterministic board level representation has received favourable statutory treatment (Blackburn, 1978; Ball, 1976; Chadwell, 1977). However, in Canada the practice of worker representation at the board level is rather problematic in that it runs counter to corporation law which requires that members of boards of directors represent the interests of private sector shareholders.

As Nightingale (1982:199) has asserted, legislation dealing with the responsibilities of board members was originally intended to protect shareholders from unscrupulous entrepreneurs and directors. Under Canadian corporate law, board level worker representation can, therefore, be justified only through employee or public ownership, as worker directors cannot be expected to protect the interests of private sector shareholders and those of workers simultaneously. Thus, even assuming the utility of the concept, the principles of corporate law do not generally permit such "intrusion" of employee representatives in Canadian board room decision-making, except perhaps in provinces where the appropriate corporate legislation makes allowance for this kind of arrangement in very special cases.

Tembec Forest Products Ltd. at Temiscaming, Quebec is a very special case of shared ownership in a unionized company in the private sector. This bleach sulphite mill was closed by its former owner, Canadian International Paper, as a result of falling productivity and poor prospects for long-term profitability. In August 1973 the mill was purchased by four executives with experience in the industry, Local 233 of the Canadian Paperworkers Union, a group of Temiscaming citizens, the Quebec provincial government and a small group of private investors.

Tembec workers, through a holding company called ATKWA, own 30.8 of Tembec's stock. The four managers who put together the financial plan own 38.8% of the stock. Another 9.6% of the shares are in the hands of a Crown corporation owned by the Quebec government, 8% are owned by local towns people, and the remaining 12.8% are held by private investors in the community. The four management founders control their shares through a holding company named PSCD (the initials of the founders), and Local 233 of the Canadian Paper Workers Union holds its equity through ATKWA. Importantly, however, the neo-corporatist business-government alliance is clearly visible in the Government of Quebec's contribution of $1 million for common shares, $2.5 million for preferred shares and a working capital loan of $10 million to a firm called Tembois of which Tembec owns 51% of the shares, with the remaining shares being owned by a government resource management firm called Rexfor (Nightingale, 1982:204).

The nine-member board of directors consists of the four founding executives, the President of the Canadian Paperworkers Union and the president of Local 233, two representatives of the Quebec government and one representative of the private investors. Understandably, Quebec law would not permit a union member to vote on the board of directors of companies incorporated in the province. However, in response to the Tembec program, the law has been changed, and the two union officials are now full voting members of the Tembec board.

Apart from the board of directors, the Tembec decision structure consists of eight joint consultation committees (usually composed of two to five members) which discuss a rather broad range of issues including job evaluation, safety and security, recruitment, discipline, vacations, automation, costs and technology. Also, under the new ownership, the number of supervisors has been halved. Those who lost their jobs as full-time foremen are now head operators, sharing in the work, while other employees have more power to make decisions.

Nightingale (1982:208) reports that the initial goodwill and co-operation that was generated by the 1972 shut-down crisis have since somewhat diminished. Moreover, the role of the union president as a trade unionist and board member has become increasingly difficult to manage in that the president has been accused of co-optation by management and of not properly protecting the interests of workers. Such 'dual loyalty' is, however, nothing new and inherent in the role requirements of union representatives in this kind of participatory arrangement. On the one hand, they are expected to collaborate with management, while on the other hand the membership expect them to protect their interests (Nightingale, 1982:208). A similar situation exists in relations between works councillors and management in the Federal Republic of Germany.

The Tembec experiment clearly illustrates that, while workers have access to the highest level of decision-making, the autonomy over the enterprise's decision cycle held by worker representatives at the board level is, indeed, not substantial enough for them to exercise much control over company policy formation. However, the eight committees deciding on shop-floor issues offer better opportunities for participative efforts, as union representatives on these committees can discuss any issue with their management counterparts before a final decision is made. As well, certain issues (automation, technological change, severance pay, job classifications, disciplinary procedures, etc.) are subject to continuous resource bargaining (Nightingale, 1982:206). When one party wishes to change a clause or clarify an ambiguity in the collective agreement, the clause can be changed in keeping with the party's wishes. Thus, as conflicts of interest arising from incompatible goals over resource distribution are seemingly permitted by management and resolved jointly and skill differentials in addressing important issues minimized through the operation of the eight shop-floor committees, workers have a reasonable degree of decision-making power at the plant level. There is no doubt, however, that the overall balance of power clearly remains with the business-government alliance in setting enterprise policy.

Another example of shared ownership in the private sector is Supreme Aluminum Industries Ltd., a manufacturer of aluminum cookware, with plants in Pickering and Scarborough, Ontario. This much discussed case of shared ownership started as a management participation program in 1972 (Doig, 1977a; Nightingale, 1982:218-221; Lush, 1976:51 and 1977; Mansell et al., 1978:98-102). About 50% of the workers are shareholders and own (below senior management level and excluding members of the Lush family) 20% of the shares in the company. Supreme Aluminum Ltd. also offers a profit-sharing scheme to its workers but retains control over what percentage (usually 30%) of the profits will be shared.

All management and non-management employees belong to an employee association called SAFER (Supreme Association for Effective Results). The controlling body for the association, the Governing Body (G.B.), consists of 18 representatives elected for two-year terms: twelve from the workers, four from management (two from first-line supervision and two from middle management) and two representatives appointed by the president from senior management ranks. All members have an equal vote on issues brought before the governing body. The chairman can be any member of the SAFER governing body or any employee in the firm with at least two years' seniority. The issues determined by SAFER are job classifications, annual wage increases, hours and conditions of work, the final decision on grievances, layoffs, operating speeds and methods of production (Nightingale, 1982:219).

Management reserves the right to set decision rules in three areas: hiring, suspending or discharging workers (subject to the grievance procedure and to the final and binding decision of the governing council); the determination of the earnings of supervisors, salespeople and managers; and the determination of the nature and variety of production. Although management reserves the right to make final decisions in these areas, it will only do so following consultation with the SAFER governing body, or with the elected representatives of workers affected by the decision (Nightingale, 1982:219). Moreover, Mansell et al. (1978:100) indicate that the SAFER governing body has not *formally* been given any clear decision-making authority. Within the governing body, management representatives exert a dominant influence over many decisions; however, some worker representatives are also fairly influential. Decisions on the Constitution and terms of the agreement require a 2/3 majority, while other conditions require only 50%.

Almost all information is collected, interpreted and presented by management, with most worker representatives having little or no experience in handling management level information properly. They appear to have also little experience with the semi-formal debate format common to G.B. meetings, and until 1978 there was no education program offered to assist them (Mansell et al., 1978:101).

Another criticism raised against Supreme Aluminum's decision structure is that hourly paid employees are skeptical about the intentions of management, and feel that the governing body is far removed from their daily concerns. As well, some workers will not run in elections for the governing body owing to its somewhat dubious status as a decision-making body (Mansell et al., 1978:100-101). Nonetheless, even some critics concede that Supreme's experience is a positive development in worker participation; others (largely trade unionists) dismiss the experiment as a format for company manipulation and the prevention of unionization among the employees.

In summary, the owners, as represented by management, hold the controlling interest in the company just like at Tembec despite the weighting of seats on the governing body in favour of workers at Supreme Aluminum. Management has a large measure of control over the decision cycle in that it determines most if not all decision inputs. This control is reinforced by the absence of bottom or middle-level consultative committees such as those operating at Tembec, and thus explains the criticism expressed by Mansell et al. (1978: 101), namely that the governing body was far removed from the daily concerns of workers. Consequently, the "filtering" of decision items from the bottom-line to board level becomes extremely difficult, quite apart from the differences in bargaining issue expertise between management and workers that appear to exist at the board level.

Thus, while workers have access to the highest level of decision-making at Supreme Aluminum, most of its representatives appear to be ill-trained for their position vis-a-vis management. With management controlling the inputs into the decision cycle, we suspect that whatever training was apparently later provided to worker representatives on the governing body in dealing with board of directors issues was most likely directed toward sensitizing their consciousness to management concerns. Thus, it seems that, in contrast to Tembec, worker decision-making power at the board level is considerably diluted.

These two examples of board level representation under shared ownership in the private sector show, again, that the kind of organizational decision structure on which a participation scheme is based is an extremely important factor in relation to the outcomes that are to be expected from a particular arrangement. As we have shown in the case of Supreme Aluminum Ltd., the formal overrepresentation of workers on the governing body is counterpoised by either their lack of training in management affairs or training designed to get workers 'involved in the business' (Rinehart, 1984:81) and coach them in management thinking; the absence of bottom or middle level decision structures fostering worker remoteness from top level decisions; management's control over the nature and range of issues serving as inputs to the decision cycle; and the containment of conflicts by worker overrepresentation on the board on the one hand, and the rank-and-file's obvious desire to protect their investment in the enterprise as minority shareholders on the other.

Employee Ownership

Employee-owned enterprises have, by their very nature, a decision structure allowing for greater autonomy levels in the decision cycle as well as decision-making power. This is so because the management function is assumed either by employees of the firm, or managers who are hired under contract. The latter arrangement is, for example, rather popular in producers co-operatives (Greenberg, 1980:560-561). A case in point is Byers Transport, an employee-owned trucking company in Edmonton. This organization had been losing money as a division of Pacific Western Airlines, and was sold by the Alberta Government in 1975 to a group of managers and rank-and-file employees.

Stock in Byers Transport can be purchased only by employees, and those leaving the firm must sell their stock. In addition, no more than 15% of the company's stock can be purchased by any single employee. Stock value is based on a formula that considers asset value and company performance on a month-to-month basis. The nine-member board of directors consists of two non-company directors, three directors from senior management ranks, one director each from middle and junior management groups, and two directors from the rank-and-file. Management negotiates wages with its dockworkers and drivers who are members of the Teamsters Union, and there are no other participative bodies in the company. The membership structure is designed so that senior management holds 30% of the equity capital, middle management 15%, junior management (including foremen) 10%, and rank-and-file workers 45%. In this manner, any one group is effectively prevented from taking control of the company, and an equilibrium in decision-making power between management and employees is reached. This then is a case where full worker representation at the board level has been achieved in a unionized setting in the private sector (White, 1979:46,70; Doig, 1977b).

Another example of board level representation in an employee-owned firm is The Group at Cox, a dental equipment manufacturer at Stoney Creek, Ontario. The workplace democracy at The Group at Cox involves a combination of board-level representation, a works council, and self-directing work groups. Because of its small size, this company permits a fair degree of direct employee participation as well as some indirect participation on a works council. For example, townhall meetings are held at least once a year, and unanimous agreement on all issues is required before action is taken. Representatives in the works council (who are elected every six months from groups of roughly eight employees) meet monthly to discuss personnel policy, salaries, grievances, appeals, etc.

The "Basic Credo of The Group at Cox" lists a number of rights to which organization members are entitled, such as the right to participate in setting goals and standards, to be in charge of meaningful work, to participate in the formulation of company policy, to elect representatives and to share equally in profits (Nightingale, 1982:241-249; Antonides, 1980:116-117). Similar to Byers Transport, the decision structure of this firm offers considerable decision-making power to all employees.

Most recently (1985), two British Columbia sawmills which had been closed for more than a year, re-opened for business with their bankrupt employers' former workers as owners. The Sooke Forest Products Ltd. mill in Sooke, near Victoria, and its Lamford Cedar subsidiary in nearby New Westminster re-opened as a result of a $14 million re-financing plan by the International Woodworkers of America. Two new companies, Lamford Holdings Ltd. and Lamford Forest Products Ltd. were created to take over the operations of Sooke Forest. The workers will own the companies and gradually pay for them via payroll deductions.[1] Unfortunately, little information was available about the new organizations' decision-making structure at the time of this writing but we have noted the event here, as it appears to confirm (apart from employer and employee initiatives) a trend toward voluntary experimentalism on the part of unions as well.

Public Ownership

Board level representation in publicly-owned enterprises is, apart from some QWL experiments carried out in federal government departments (Cross, 1977), extremely rare in Canada. An example of such organization is Kootenay Forest

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[1] Globe and Mail, January 9, 1986, p. B-2

Products at Nelson, B.C., which, at the explicit request of workers in 1974, was purchased by B.C. Cellulose, the government-owned forestry company. In consultation with the employees of this company, B.C. Cellulose introduced a worker participation scheme in late 1974 by appointing two employees to the board of directors. The board thus consisted of three management representatives, two B.C. Cellulose officials including the chairman of that holding company, and two employees (a total of seven). The decision system of the new company also included established union-management structures such as consultation and grievance committees.

The function of the worker director at the board level consists basically of handling problems and facilitating communications between workers and top management, although the worker director does not bypass any of the existing union-management consultation mechanisms. In 1977, Kootenay Forest Products was also experimenting with self-directing work groups at the plant level. Following their successful implementation, these should provide a fair degree of worker autonomy over the decision cycle at the shop floor, apart from the ability to access the highest level of the company decision structure through the worker directors. From available reports, the involvement of the latter has contributed to a much improved relationship between the parties. This becomes evident from the settling of grievances, and a much more open line of communication by which workers are regularly informed about the financial performance of the company. While problems still exist, this conversion of the company to participative management at the board level appears to be making favorable progress (Offerman, 1977:15-16).

Clearly, the success of board level worker participation in Canada depends, to a large degree, on the operation of the decision cycle. While major decision rules are, of course, set at the board level, most of these are based on the investigations, plans and recommendations of top and middle management. As already noted, frequently crucial decision rules have already been set by managers and (where appropriate) by employees with expert knowledge of the subject at lower levels of the organizational hierarchy.

These decision-makers have (more or less carefully) selected the various inputs into the decision cycle for board approval. As well, these individuals are likely to be responsible for the decision output, e.g., the implementation of the decision, with all the ramifications it may have for the organization's internal efficiency and market effectiveness on the outside. Therefore, the autonomy of worker directors over the decision cycle (although they can approve decision rules and even determine them) is cut short by the lack of participation in determining the "raw material" (nature, range and scope of issues) which goes into the decision. Likewise, they have no direct control over the implementation process, except perhaps for receiving periodic reports on how well the decision was put into action at the "ground level".

In many instances, the decision-makers below the board level (top and middle management) will also have first say over the number of decision rules to be 'shaped', so that the number of rules actually set by employee representatives appears to be minimal (as in the case of Supreme Aluminum). It seems, therefore, that what is gained through the ability to set and approve decision rules at the board level, may well be lost through an inability to control final outcomes and often a lack of expertise and organized power to challenge those individuals who actually shape the decision-making process.

Little information is available in the literature about how potential conflicts between shareholders, managers and owner employees are settled in these board-level worker representation schemes. A plausible reason for such "silence" is, of course, an understandable reluctance of the participants in such experiments to publicize their internal differences.

Summary and Conclusions

Board-level representation offers potential for continuous resource bargaining between owner-managers and owner-employees and, therefore, raises the odds for the occurrence of conflict over goal incompatibilities. We may reasonably conclude that, first, not all employees are likely to possess sufficient expertise to fully live up to the responsibilities required by a self-managed plant. Consequently, management must take the lead in managing equipment, human and financial resources in the most economic and effective way possible just like in any ordinary business organization. Second, what has also remained is the advantage of management in accessing strategic information and the existence of a hierarchy of command. In the case of the latter, Gronemeyer (1973:130) has noted that "the pyramid remains, only that its base determines the nature of the cap". By this, the author obviously means that the hierarchy remains, only that its structure and decision-making power is determined, or partly determined, by the rank-and-file owners. Third, conflicts of interest do no longer arise between management and labour but between owner-managers and owner-employees, as resources are owned and distributed jointly. However, while the former desire profitable balance sheets, the latter are likely to demand good wages and working conditions as elsewhere.

The results of such systemic imperfections in board level representation almost resemble a "consensus by default" situation in that employees are almost forced to default on their obligations to represent the interests of labour through the internal dynamics of this kind of participation scheme. Consequently, the degree of worker decision-making power at the board level may not necessarily be greater than that which could have been accomplished at lower levels of decision-making, and perhaps more effectively so. Real decision-making power requires, in our view, both a fairly high degree of autonomy over the decision cycle and well-rounded expertise in addressing given issues, as ownership is not always the same thing as control over resources.

While this argument largely applies to shared ownership situations in the private sector, it would seem to apply (perhaps to a lesser degree) also to employee-owned and publicly-owned enterprises. The actual degree of participation (or co-determination) which is likely to occur will, nevertheless, depend on the presence/absence and the decision-making power of the intermediate decision structures (joint committees etc.) that exist between shopfloor and board-room.

CHAPTER 9

STATUTORY PARTICIPATION RIGHTS IN THE FEDERAL REPUBLIC OF GERMANY

Our examination of the decision-making structures and processes of the West-German co-determination legislation will follow the approach taken in the chapters on the Canadian experience, describing the general operation of the various participatory arrangements and applying the analytical framework outlined in Chapter 3 to their systematic analysis.

In keeping with our central argument, we would like to re-state a part of Von Oertzen's (1964) definition of co-determination quoted in Chapter 5. This author defined co-determination as including "...any method by which ...employees can counter the desires of management with their own desires, beginning with the most modest complaint or request for information and culminating in participation in the management of plant and enterprise". In Chapter 5, we also noted that the major premise underling the 'co-determination' concept is that the structure and operation of enterprises can achieve legitimation only by the consent of employees in all German enterprises. Our description and analysis of the legislative framework is intended to show the marked difference between ideology and the workplace realities which West German neo-corporatism ordains.

Let us begin with a brief review of the statutory framework most important to our analysis which, in varying degrees, extends its impact to both shop-floor and enterprise level worker representation in private industry. It consists of: the Works Constitution Act *(Betriebsverfassungsgesetz)* of 1972,[1] which covers all enterprises with at least five employees; the Montan Codetermination Act *(Montan Mitbestimmungsgesetz)* of 1951,[2] as amended in 1955, which covers the coal-iron-steel industries; and the new Codetermination Act of 1976,[3] which covers corporations with more than 2,000 employees. In the public sector, the Personnel Representation Act of 1974 provides co-determination rights similar to those granted by the Works Constitution Act of 1972, and is, therefore, only of passing interest to us.

The Works Constitution Act of 1972 (WCA for short), and more especially its works-council component, is the piece of German legislation most relevant to our present analysis. It is by far the least controversial and most widely approved vehicle of co-determination in the FRG, and the only statute that applies to all firms throughout the entire West German economy with the exception of firms having less than five employees. Also, the works-council component of this Act is much more important than its enterprise component with respect to participation in management decision-making. As it is the fundamental vehicle of participation, we will provide the reader with a brief note concerning its operation.

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[1] The Federal Minister of Labour and Social Affairs, *Co-Determination in The Federal Republic of Germany*, Bonn: 1980, pp. 103-192

[2] The Federal Minister of Labour and Social Affairs, op. cit. pp. 73-92

[3] The Federal Minister of Labour and Social Affairs, op. cit. pp.9-72

For labour relations practitioners outside the sphere of West German industrial relations, the term "works council" may be somewhat misleading. In the FRG, the term refers to a body of workers' representatives only, who are elected by the entire work force (whether union members or not). It is, therefore, very different from the works council in other countries where it is a joint body with primarily consultative functions (such as in Canada and the United States, for example). The works council in the FRG exercises functions which in other countries are held variously by shop stewards, staff delegates and union representatives. While theoretically the works council in a large chemical plant is thus not different from that in a small department store, its general mode of operation and influence on enterprise decision-making shows a great deal of variation in the West German industrial relations system (Herschel, 1951; Schregle, 1978:82).

Works councils vary in size, and may for example, have up to 35 works council members in organizations with 9,000 employees. Every additional 3,000 employees will add another two works council members to the 35. If a works council has at least three members, both workers and salaried employees must be represented; rather complicated terms of reference assure either group minimum representation somewhat in excess of its true proportions. The members of the council are chosen by a proportional election system (including production and white-collar workers) for a two-year term to safeguard the representation of different interests among the employees. All employees (and by implication the local union) can submit nomination lists, provided they are supported by the signatures of at least 10% of the total personnel. A union representative may attend the works council meeting in an advisory capacity if at least one-fourth of the council members request it (Thimm, 1980; Barthel and Dikau, 1980).

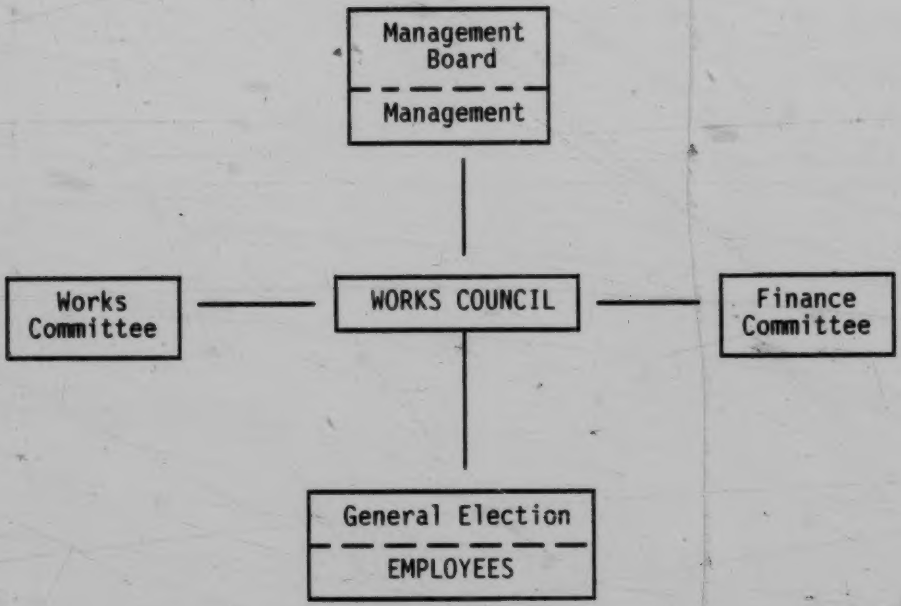
In order to facilitate the council's day-to-day handling of business, it must establish a works committee *(Betriebsausschuss)* when it has nine or more members. By majority vote of the members, the council can delegate certain of its tasks to the works committee for independent action. Likewise, the council is required to form a finance committee in organizations which have more than 100 employees. The finance committee has the duty to consult with the employer on a legally specified range of financial issues and report to the works council. This structure in relation to management (or works constitution) is shown in Figure 4. Works councils are required to report once a year to the works assembly *(Betriebsversammlung)*, which includes all employees in the organization. The employer must be invited to the works assembly, and is entitled to present his views; also, representatives of the national unions may attend the works assembly. Additional works assemblies may be called if the employer or at least 25% of the employees demand it and come up with an appropriate agenda.

Works councils have three major objectives: to propose measures to the employer which further the interests of employees *and* the enterprise; to administer existing collective bargaining agreements and social legislation;

Figure 4

Co-Determination under the Works Constitution Act
of 1972
Works Constitution

Federal Republic of Germany


Management Board
Management
Works Committee
WORKS COUNCIL
Finance Committee
General Election
EMPLOYEES

Source: *Co-Determination in the Federal Republic of Germany*,
The Federal Minister of Labour and Social Affairs,
Bonn: 1980, p. 102

and to entertain complaints from employees and, if the works council decides they are justified, negotiate settlements with the employer (Article 80, WCA, 1972).

The neo-corporatist government-business-union alliance, through the West-German federal legislature, has selected a rather detailed list of rights, related to issues that are subject to the works council's influence. This obviously has the advantage of providing substantial legal protection for workers on these issues. However, the disadvantage arising from such precise formulation of the law is that all issues not expressly stated are not subject to participation, and hence open to final decision-making by the employer.

Operating at the shop-floor and plant level, the works council's rights include: exchanging information with management on all issues concerning plant operation including financial matters (*Mitwirken*); consultation on issues related to work methods, the work environment, changes in the firm's objectives, and vocational training *(Beraten)*; and co-determination on issues related to worker conduct in the plant, pay administration, hours of work, vacation time, accident prevention, introduction of new technologies etc. *(Mitbestimmen)*.

The German lawmakers have shaded these rights (evidently by design) into progressively more participative categories. It thus seems that the German legislature attempted to give full reign to German entrepreneurship as the provider of the means of production while being mindful of the social needs, occupational development and career aspirations of workers in the productive process.

Both works council and management are legally required to facilitate the full exercise of these rights, and "work together in a spirit of mutual trust, having regard to the applicable collective agreements and in co-operation with the trade unions and employers' associations represented in the establishment, for the best interests of the employees and the enterprise" (Article 2(1) WCA - 1972). Clearly, this requirement is designed to sensitize the consciousness of works councillors toward the problems and thinking of management and is not different from the content of employer developed training courses provided for union representatives and workers in the Canadian voluntary schemes examined in previous chapters. The Act further imposes the obligation on the parties "to refrain from any act that affects the general operation and harmony of the enterprise" (Article 74,1 - WCA, 1972).

Despite the considerable leverage which the Works Constitution Act (1972) provides for employers, the BDA (*Bund Deutscher Arbeitgeberverbaende*- Confederation of German Employers' Associations) criticized the Act because "in many ways, and particularly so far as personnel policy of the undertaking is concerned and in economic and certain other matters, the new Act directly and indirectly endangers employers' rights of decision and planning....it carries the risk of bureaucratising, complicating and slowing down the process of managerial decision-making at undertaking and plant level in a manner which may seriously affect the competitiveness of the German economy" (BDA, 1973:4).

-- The attitude of the unions toward this legislation was that the Act did not provide works councils with decision-making power comparable to that of the employers in any area of responsibility. Moreover, the Act represented a legally supported system of countervailing employer power vis-a-vis workers and their representatives which nowhere questions the sole responsibility and authority of the employer to make decisions in all business matters (Rose, 1973:617).

These somewhat extreme initial reactions of the parties to the proclamation of the Act have since been mitigated through its practical implementation by works councils and employers over the years. However, as we shall see, at least some parts of the law (contrary to popular views) appear to be heavily weighted in favour of employers.

Plant Level Co-Determination

As an *information/communication structure* at the plant level, works council members meet with management representatives at least every four weeks for legally prescribed meetings which are frequently arranged by the personnel manager or the labour director *(Arbeitsdirektor)*.[4] In these meetings, the employer representatives must inform the council members on a variety of matters and entertain their views and suggestions. Likewise, works council members can exchange information with management on all issues which, they feel, are important to employees *(Belegschaft)* and the functioning of the plant *(Betrieb)*. This includes information rights (Mitwirkungsrechte) on financial matters, but the Works Constitution Act (1972) makes it very clear that the works council's right to information on financial issues does not go beyond this point, and delineates the particular issues on which the parties are required to exhange such information, namely:

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[4] Only in firms within the Montan industry having more than 1,000 employees, and organizations in other sectors with more than 2,000 employees.

o financial matters, including

- the economic and financial situation of the enterprise
- production, sales and marketing
- the production and investment program
- plans to increase plant productive efficiency
- work and production techniques (especially the introduction of new work methods)
- downsizing and closure of enterprises or parts of enterprises
- the relocation of enterprises or parts of enterprises
- the merger of enterprises
- changes in company organization or objectives
- any other issue(s) that may materially affect the interests of employees

(WCA, 1972, Article 106)

As already noted, the works council is also entitled to establish a finance committee *(Wirtschaftsausschuss)* in enterprises with more than 100 employees. This committee consists of three to seven members, at least one of whom is a works council member. One half of the committee members are chosen by the employer, and the other half by the works council. The finance committee meets once a month to discuss financial issues of mutual concern to the parties. Here, it is the employer's duty to:

> inform the finance committee in full and in good time of the financial affairs of of the establishment and supply the relevant documentation in so far as there is no risk of disclosing the trade or business secrets of the company and demonstrate the implications for manpower planning (106,2 - WCA)

Another area in which the parties have co-operative rights is manpower planning. The employer has the obligation to inform the works council:

> in full and in good time of matters relating to manpower planning including in particular present and future manpower needs and the resulting staff movements and vocational training measures and supply the relevant documentation (92,1 - WCA)

In turn, the works council:

> may make recommendations to the employer relating to the introduction and implementation of manpower planning (92,2 - WCA)

Should a dispute in any of these areas between the parties arise, it is referred to a conciliation committee *(Einigungsstelle)*, which consists of an equal number of employer representatives and works council members. In turn, the parties elect an impartial chairman, who, in the event the parties deadlock in their choice of a suitable person, will be appointed by the local labour court (76,2 - WCA). We have already noted this kind of arrangement in Chapter 5: Collective Bargaining.

Within the parameters of the legislation, worker autonomy over the decision cycle is rather limited in these areas of participation. While the range and scope of the issues entering the cycle is, indeed, broad and encompassing, affecting all workers in the enterprise, all inputs into the decision cycle appear to be controlled by the employer. It is management that must provide the council (through the works or finance committee, for example) with the information required by the legislation. As the issues stipulated in the law are *exemplary* rather than specific, the employers have, additionally, some control of the more precise content of the information input they are providing to the council as well as information they are able to withhold altogether, without exposing themselves to violations of the law (Gege, 1977:268-273).

Compare this control of employers over decision inputs in the Canadian voluntary schemes where items withheld from discussion cannot be decided upon by the bargaining parties. Yet, the fundamental difference between the Canadian voluntary schemes and the German works councils is that the former operate largely in the problem-solving (and hence not truly participative) mode while the latter operate in both problem-solving and resource bargaining modes at any given time. Clearly, it is because of this legislative authority requiring works councils to engage in continuous resource bargaining that they are also required to let themselves be influenced by management thinking at the same time. The West German business establishment and the state seemingly wanted to be certain that management and works council bargaining exchanges are not "counterproductive".

Unlike a union which can decide independently of employer concerns which course of action appears to be the most feasible to take in a given situation, works councils must thus decide in terms of what is desirable in the best interests of both workers *and* the enterprise (2,1 - WCA). Hence, the council can function properly and comply with the law only, if it identifies (at least minimally) with employer concerns about the issues that are discussed. Also, the legal requirement that at least one member of the works council must be represented on the finance committee (107,1 - WCA) leaves the actual composition of this committee dependent on the balance of power in the works council, which clearly is weighted in management's favour.

As it is reasonable to argue that the works council, as a representative of worker interests, wishes to secure as much information as possible on a given issue, it is not likely to stack the membership of the finance committee in its disfavour by electing too many works councillors to the committee. Therefore, management or "confidential" employees (those having some supervisory function) are likely to represent a majority on the committee, and this places further constraints on the works council's inputs into the decision cycle, especially as its members are not likely to have management's expertise with respect to the issues on the agenda.

In view of this situation, the employer representatives are literally unrestricted in setting most, if not all, the decision rules in this area of participation. Hence, the works council becomes largely involved in the implementation of managerial decisions on increasing plant productive efficiency, improving work marketing techniques etc. On the positive side, incomplete or "filtered" information is better than total ignorance of the employer's position on these issues, so that the existence of the finance committee could perhaps be justified as an information exchange for this reason.

In the area of manpower planning, we find a similar situation with respect to almost complete employer control of the decision cycle. The council has only the right to suggest and be informed in this area *(Vorschlags- und Informationsrecht)*, although it has consultative rights at the output stage of the decision cycle, regarding the implementation of measures designed to avoid possible employee hardships resulting from the employer's decision (92,1 - WCA).

Employers can also elect to forego manpower planning and, in this manner, remove themselves from works council influence altogether. That such strategy is not only of theoretical significance, has been shown by an empirical study carried out by Schultz-Wild and Sengenberger (1976:446ff). In their survey of German companies on this subject, the authors found that only one third of all organizations they investigated operated and kept records of a personnel planning system, extending beyond a three-month period.

Even more modest were the results of an investigation by the Max-Planck-Institute in Hamburg on practices of giving notice and protection from dismissal (Falke et al., 1981). Out of a large sample of works councils in small and larger firms, 75% reported that the company had no formal manpower planning system. Of those companies, which actually had a formal system, only 21% planned beyond a period of three months. In this context, it is also possible that an organization may have a manpower planning program, but the works council simply has no idea of its existence. Even though the employer commits a minor offence by failing to inform, or by providing insufficient information to the works council on existing planning efforts (WCA, 121), it would be rather difficult in this particular area to prove any deliberate attempt to misrepresent the facts on the employer's part (Daeubler, 1982).

The major constellation of issues on which the works council acts as a *consultation/co-influence structure* are: (1) the structure and design of the workplace and jobs, work methods and environment; (2) the promotion of vocational training; and (3) changes to the establishment's objectives and general mode of operation.

Article 90 (WCA) requires the employer to inform the works council of any plans concerning:

> 1. the construction, alteration or extension of works, offices and other premises belonging to the establishment;
> 2. technical plant;
> 3. working process and operations, or
> 4. jobs
>
> and consult the works council on the action envisaged, taking particular account of its impact on the nature of the work and the demands made on the employees. In their consultations, the employer and the works council shall have regard to the established findings of ergonomics relating to the tailoring of jobs to meet human requirements.

Recall from our discussion of Canadian consultation/co-influence structures in Chapter 7 that workers or their representatives can initiate criticism or make suggestions concerning certain issues and discuss these with management. In turn, management reserves the right to make the final decision but agrees to provide workers with relevant information before a final decision on the subject is made.

While superficially Article 90 (WCA) provides the works council with considerable scope in affecting the decision process, a closer examination of the degree of autonomy it can exercise over the decision cycle seems to be far less promising. First of all, the issues that serve as inputs into the cycle (i.e., planned changes in the organization and design of jobs, work processes and the work environment, etc.) are completely controlled by the employer. It is very difficult for the works council to know precisely what is "on the drawing board" at any given point in time, as in most organizations (especially large firms) works councillors usually lack sufficient information on the "inner circle" policies of management. Second, management still holds the right to set the decision rules on any issue covered by this part of the legislation, even though the council may voice concern about the nature and scope of the issue and management's proposed handling of it (Hofe, 1978:28ff and 68; Daeubler, 1983:299).

It seems that the lawmakers, evidently aware of these possibilities, attempted to create some power balance between the parties through the introduction of Article 91 (WCA). This section of the legislation provides the works council with a "correcting co-determination right" *(korrigierendes Mitbestimmungsrecht)* in the event "a special burden is imposed on the employees as a result of changes in jobs, operations or the working environment that are in obvious contradiction to the established findings of ergonomics relating to the tailoring of jobs to meet human requirements". Here, the works council may "request appropriate action to obviate, relieve or compensate for the additional stress thus imposed" (Barthel and Dikau, 1980:115; Daeubler, 1983:299).

When challenged with a situation which, as perceived by the works council, represents an employer infraction of Article 91 (WCA), what degree of autonomy does the works council have over the decision cycle, especially in terms of decision inputs it is able to make? It seems that the council is confronted with a problem which it can resolve only with the greatest difficulty, if at all.

First, changes in jobs, work methods and work environment, and so forth, can be called changes only if something has actually been changed. If the problem is an *already existing condition* which contradicts research findings on the impact of technology on human adjustment to machine and equipment operation (ergonomics), for example, Article 91 seemingly does not come into force (Daeubler, 1982:299; Dietz et al., 1973). This could mean the actual continuance of uncongenial working conditions under the majority of circumstances. Second, research findings represent expert knowledge of a science discipline with which works councillors must not only become thoroughly acquainted, but which they must be able to fully understand and interpret. Even though they might be in a position to do so, the task remains for them to determine which of these views is acceptable to a particular science discipline as a whole.

Third, how can works councillors determine the extent to which a given set of research findings relates to human-adjustment-to-technology factors, and not actual health problems? Fourth, it is debatable whether the discovery and description of such conditions should actually depend on the views of experts or those of the average citizen. While the former may recognize certain shortcomings at a first glance, the latter may not find any fault at all with a given situation (Wiese, 1977; Natzel, 1974:284). Fifth, there are hardly any labour court decisions on Article 91 (perhaps as a direct result of these problems), and hence a works council, determined to pursue some matter bearing on this section of the law, is likely to be confronted with some legal reservations as well (Daeubler, 1982:301).

Clearly, the limitations imposed on the works council in exercising its consultative right on these issues are of such complexity (almost complete employer autonomy over the decision cycle and the systemic limitations for the works council to challenge it) that the matter almost narrows down to the council having very little participation in management decisions at all.

As regards vocational training, Article 96, Section 1 (WCA) states that:

> At the request of the works council, the employer shall consult it on matters relating to staff training. The works council may make relevant proposals.

Section 2 of Article 96 exhorts the employer and works council to:

> ...ensure that workers are given an opportunity to participate in vocational training programs inside or outside the establishment, having regard to the operational needs of the establishment...

whereas Article 97 requires the employer to:

> consult the works council on the establishment and outfitting of in-plant training facilities, the introduction of vocational training programs in the establishment and participation in vocational training programs given outside the establishment.

The relationship between these sections of the WCA and the management decision cycle should be reasonably clear. Inputs into the cycle are made via joint consultations between the works council and the appropriate management personnel, although works councillors must have "regard to the operational needs of the establishment". Obviously, such needs are largely determined by management as a result of personnel planning schemes about which the works council may or may not have been fully informed. Hence, management will (probably in most cases) be able to convince the council of the necessity of such training without giving detailed information about possible ulterior managerial motives behind the proposal. Moreover, employers inclined toward co-operation are likely to use these sections of the legislation in an effort to forestall future conflicts, but would probably do so anyway without the law. On the other hand, the works council runs the danger of becoming a party to a management scheme the scope of which it is not able to judge fully in the absence of more comprehensive foreknowledge. Moreover, management can set the decision rules concerning a training program (i.e. its nature and extent) without works council approval. Hence, it seems that Articles 96 and 97 do not really represent an improvement in effective participative decision-making vis-a-vis a situation to which the law does not apply (Haase, 1974:8).

The substance and the objective of the decision (inputs concerning the nature of the training program and decision rule setting) are almost unilaterally controlled by the employer. The works council has, however, codeterminative rights in the outputs of the decision cycle, that is the implementation of the training decision.

Article 98, Section 2 (WCA), for example, allows the works council to "oppose the appointment of a training officer...or request his removal on the grounds that he lacks the necessary personal or technical qualifications". Likewise, the works council "may propose employees or groups of employees of the establishment for participation in such vocational training" (Section 3 of Article 98). In the event of disagreement on this issue, the decision of the conciliation committee will be binding on both parties. In reality, however, only general employer guidelines on vocational training appear to be subject to co-determination, so that the instructions given to individual trainees by the employer are beyond the works council's interests and influence (Dietz and Richardi, 1973). This view appears to be supported also by two empirical investigations on the attitudes of works councils toward vocational training. One of these studies (Maase et al., 1978) found, for example, that only 4% of the works councils which these investigators interviewed on a number of work-related questions felt that vocational training was a major issue. Similarly, Zachert (1979:43), reporting the results of a study on works council concerns about a number of shop-floor problems in 100 Bavarian metal-manufacturing firms, notes that the issue of vocational training was only of passing interest to most works councillors.

In the case of changes to an organization's objectives and general mode of operation, the works council can (owing to the very nature of the issues involved) use its rights of effective representation only during the decision output stage (e.g. implementing reductions in staff, machinery, buildings, or the introduction of new work methods, etc).

Article 111 (WCA) states that "In companies that normally have more than twenty employees with voting rights, the employer shall inform the works council in full and in good time of any proposed alterations which may entail substantial prejudice to the staff or a large sector thereof, and consult the works council on the proposed alterations." The following are alterations within the meaning of the first sentence:

1. reduction of operations in or closure of the whole or important departments of the establishment;
2. transfer of the whole or important departments of the establishment;
3. amalgamation with other establishments;
4. important changes in the organization, purpose or plant of the establishment;
5. introduction of entirely new work methods and production processes.

The wording of the legislation and the nature of the issues involved provide the employer with almost full autonomy over the decision cycle in that it is the employer who "proposes the alterations" in the first place. Also, it seems that the term 'proposed alterations' can include any action which, in the employer's view, serves to avoid economic hardship for the enterprise

(Fitting et al., 1980). This argument gains further ground through the interpretation of this section by the Federal Labour Court, which holds that Article 111 enumerates only the most important *examples* of proposed alterations rather than attributing definitive status to them.[5]

Yet, it is true that, as Daeubler (1982:322-323) has noted, the exemplary nature of the legislation also provides both legal and social protection for workers, in that it would be difficult for the employer to deny remedial measures simply because none of the items on Article 111's list of alterations has been formally met.

Article 112, Section 1 (WCA) deals with the results (or outputs) of the employer's decision to introduce organizational change, and requires both the employer and works council to "reach an agreement to reconcile their interests in connection with the proposed alterations" *(Interessenausgleich)*. In the event of disagreement, either the employer or the works council can apply to the regional director of the provincial employment office for mediation of the dispute. If the parties choose not to apply to the authorities, they can turn the matter over to the conciliation committee for settlement. If this is not achieved, the employer can make a decision which, in view of the circumstances, appears to be the most feasible alternative. In doing so, he is not constrained by any works council exhortations, his own previous offers or mediation agency suggestions (Daeubler, 1983:326).

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[5] Federal Labour Court (*Bundesarbeitsgericht*), Arbeitsrechtliche Praxis Nr. 6 and 9 zu Artikel 72 (Betriebsverfassungsgesetz), 1952

In determining and alleviating economic hardships for workers that may arise from the employer decision, the works council can exercise its co-determinative rights in working out a social compensation plan *(Sozialplan)* with the employer. This plan recognizes the social and personal consequences for employees whose jobs have been adversely affected by organizational change (rationalization programs, lay-offs, major changes in work methods, etc.) The social compensation plan is (in all its details) worked out by the conciliation committee, should the works council be unable to negotiate what it perceives as a just and fair settlement of worker interests (112,4 - WCA).

As a *co-determination structure at the plant level*, the works council plays a key role in the adjudication of 'social matters' which, in the Anglo-American vernacular, may be simply translated as 'working conditions'. This part of the legislation represents what Gester-Isenhardt (1974:83) has called "the very heart of the works constitution" but, in fact, is nothing more than the basic working conditions that are contained in any Canadian collective agreement negotiated by an employer and a bona fide trade union. The list of issues on which the works council has co-determination rights includes the following: worker conduct in the plant; hours of work; time and place for payment of wages; wage analysis and administration; vacation time; accident prevention; introduction of new technology; company-provided worker housing arrangements; administration of worker social services and welfare fund; and the operation of worker suggestion schemes (87,1 and 2 - WCA).

As these issues are fairly self-explanatory, we will not dwell on them unnecessarily, except for mentioning that they are subject to works council approval only in so far as they are not already embedded in other legislation or a collective agreement negotiated at the industry level. It is also evident that most of these issues are, indeed, the subject of industry-wide negotiations, so that in many cases works councils may be called upon only to negotiate with the employer qualitative issues into a local works agreement that are 'over and above' established industry norms. The secret and illegal bargaining for wages in addition to those allowed in the industry agreement between works councils and employers has already been mentioned in Chapter 5: Collective Bargaining.

Board-Level Representation

In the Federal Republic of Germany, worker participation at the board level is based on rather complex and, sometimes controversial, legal formulations a thorough discussion of which is not possible within the context of this study. We will, therefore, acquaint the reader only with the major principles underlying the various pieces of legislation relating to board-level participation, and regard these laws as steps in a historical sequence of events.

Different legal guidelines (already noted at the beginning of the chapter) apply to participation at the board level, which exist side-by-side and vary in terms of the extent of participation they permit as well as their general jurisdiction. These are the Montan Co-Determination Act of 1951, the enterprise part of the Works Constitution Act of 1952 which has remained in effect following its revision in 1972, and the more recent Co-Determination Act of 1976. A better understanding of the latter Act can be obtained by viewing it as simply another step in the development of industrial democracy. The forerunners of the 1976 Act are the Montan legislation of 1951 and the Works Constitution Act of 1952 (Monissen, 1977:74; Barthel and Dikau, 1980:122), to which we will now turn.

The Basic Law of 1949 (FRG, 1981), West Germany's constitutional framework, is impartial in terms of the lawmakers' preferences regarding equal worker representation at the enterprise level. This fact induced the federal government to return the larger industrial establishments (mainly located in the mining and iron and steel producing industries) to the jurisprudence of existing corporate law, more especially the Joint Stock Companies Act of 1937 and the Limited Liability Companies Act of 1892 (Daeubler, 1982:356).

This legislation did not, of course, include any provisions for employee representation at the board level, which prompted the unions in the mining and iron and steel producing industries to mobilize employees in the affected companies to lobby the federal government for the introduction of participation legislation. Organized miners and metal workers achieved a 92.8%

and a 95.9% majority vote respectively to shut down these industries by strike action, if the federal government ignored their demands (Schmidt, 1971:183ff). This ultimatum had immediate effects in that unions, employers' associations and the federal government met to work out a legal foundation for co-determination in these industries (called the Montan industry, for short), which resulted in the passing of the Montan Co-Determination Act of 1951 still in effect to this day.

Before we highlight the main features of board-level participation contained in this Act and the other two laws, it will be useful to briefly examine some characteristics of German corporation structure. The German corporation has stockholders, a supervisory board, a management executive committee and employees. The employees are separated into three groups: employees having managerial functions *(Leitende Angestellte)*, salaried employees *(Angestellte)*, and workers *(Arbeiter)*. Excepting for the moment employees with managerial functions *(Leitende Angestellte)*, salaried employees and workers have historically represented profound distinctions in social status, compensation, security of tenure etc. Although most of these distinctions have become diluted over time (as noted in Chapter 5), employee organizations still reflect this worker distinction - there being separate trade unions based on it[6]. In order to avoid unnecessary complication in our examination of employee board level representation, the terms 'worker' and 'employee' will be used interchangeably in the Anglo-American sense, with the German words *Arbeiter* and *Angestellte* designating the specific German categories of workforce members (Thimm, 1980:31).

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[6] This can be seen, for example, in the representation of salaried employees by the DAG (*Deutsche Angestellten Gewerkschaft*-German Union of Salaried Employees), and the representation of most workers by the DGB (*Deutscher Gewerkschaftsbund*-German Trade Union Federation). We are, however, concerned here largely with the decision-making power of these groups in business organizations within a neo-corporatist framework rather than exploring class-

In the actual performance of their duties, the supervisory board *(Aufsichtsrat)* and the management executive committee *(Vorstand)* resemble their Anglo-American equivalents, although their legal status is different. The supervisory board's function is virtually identical to that of the Anglo-American board, except for the fact that no member of the management executive committee can simultaneously be a member of the company's supervisory board. In North America, the board appoints the president of the organization and may offer advice on the selection of a few key executives. By contrast, the German supervisory board appoints the entire management executive committee (ordinarily three to nine *Direktors*), which, in turn, assigns different duties to each of its members, but is collectively and individually responsible for the effective management of the enterprise.[7]

Thimm (1980:33) notes that top management of large corporations views the supervisory board as a source of advice and support rather than the shareholders' guardian, in that it recommends to the shareholders well-known

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based distinctions between these groups.

[7] The most detailed comparison of the different European supervisory boards with the Anglo-American board is contained in: Stratoudakis (1961).

managers and bankers for election to the board. In his study of the codetermined supervisory board, Gutenberg (1970:1-10) found that the management executive committee discusses major decisions with key supervisory board members before acting. This changes the nature of the board from a controlling to an advisory function.

Board level participation in the Montan industry[8] applies to iron-coal-steel producing enterprises with over 1,000 employees. There is parity representation of worker representatives and shareholders on the supervisory board. Also, the management executive committee includes a labour relations director (*Arbeitsdirektor*) who must enjoy the full confidence of all employees, and simultaneously be responsible for the nature and direction of the corporation's strategic policies along with the other directors; he is "labour's man" in the management executive committee (Barthel and Dikau, 1980:127; Muszynski, 1975:111).

The supervisory board in the Montan sector ordinarily has eleven seats, and may, under certain conditions, have 15 or 21. In the case of a supervisory board consisting of eleven representatives, both shareholders and employees elect four representatives each plus one "additional member". This board structure also includes a "neutral eleventh member" who must enjoy the confidence of both parties. These additional members and the eleventh member must not be representatives of an employers' or workers' association or be in any way dependent on their favours, belong to the organization itself or have otherwise an interest in its economic performance. The intent of the legislators had been that the two additional members as well as the neutral member would represent the interests of the public; however, this has seemingly not been the case.[9]

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[8] The term *Montan* refers to industries that obtain their raw materials through mining (the German word for mining is "Bergbau", literally translated "mountain mining"). In this thesis it covers coal, iron and steel producing industries.

The four employee representatives must include a blue-collar worker (*Arbeiter*) and a white-collar worker (*Angestellter*) employed in the enterprise. The unions elect two members of the board (a representative each of a trade union and of the Confederation of German Trade Unions). The inclusion of outside unionists on the supervisory board is, like union influence on enterprise policy in general, controversial, and this does not only apply to the Montan model of co-determination. For example, employers' federations perceive this arrangement as providing a vehicle for increasing the bargaining power of employee associations. On the other hand, the unions feel that outside worker representatives should participate in supervisory board decisions in that they extend the practical know-how and expertise of worker representatives within the firm. Such outsiders could, therefore, effectively assist in counteracting strictly organizational interests and, in so doing, also serve the concerns of local communities and the public in general (Dirks, 1974:72).

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[9] Evidence for this is contained in the report of the federal commission investigating the status of co-determination in the FRG. The Biedenkopf Commission, named after its chairman, reaffirmed the virtually unanimous testimony concerning the relative ineffectiveness of neutral board members. In the Commission's recommendations (Part IV), no provisions are made for neutral supervisory board members. See:*Mitbestimmung im Unternehmen*, Mitbestimmungskommission, Deutscher Bundestag, Bonn: January, 1970. Reprinted by Kohlhammer, Stuttgart: 1970.

In order to make the 1951 law compatible with the existing corporation law, the Montan Co-Determination Act (1951) still provides that the general shareholder meeting *(Hauptversammlung)* continue to elect all supervisory board members, shareholder representatives as well as union-employee representatives. In the election of the five union-employee representatives, the general shareholders meeting is bound by the 1951 law to accept the five union-employee selections. Thimm (1980:34) notes that it is not quite clear legally what would happen if the general shareholders' meeting refused to be bound by the law, but this situation has apparently never occurred.

An interesting feature of participation in the Montan industry are the responsibilities of the labour relations director who must be included in the management executive committee. Although this person has been elected by the majority of employees and enjoys their confidence, he clearly performs a management function, as he is required to participate in management decisions and be responsible for them, confront the works council in employer-worker disputes, and negotiate with employee representatives on works agreements (cf Fisher, 1970:57). The labour relations director's general duties are, interestingly, not specified by the law but are informally known to include the administration of all matters relating to personnel as well as employee training and development; the adjudication of job security, occupational health and housing problems; supervision of operating employee suggestion systems; and the effective publication and distribution of the company's employee information bulletin, if there is one (Thimm, 1980:34; Schwegler, 1973:628-629).

The neutral member of the board is also formally appointed by the shareholders' meeting upon nomination by the other ten supervisory board members. This nomination is by majority vote, but at least three each of the employer and employee representatives must support the nomination. If the board can not agree on the neutral member, or if the shareholders reject the nominated candidate, a complicated mediation process is set in motion. If all mediation attempts fail, the shareholders' meeting is free to select the neutral member of their choice.

A somewhat confusing feature of the 1951 Act is that it does not specify the election of the chairman and deputy chairman of the supervisory board, an omission that could have caused appreciable problems in establishing an operating board. The unions and employers agreed, however, to follow a procedure adopted during the allied occupation period, namely selecting the board chairman from the shareholder representatives and the deputy from the employee representatives. In most cases, Montan industry supervisory boards simply appointed an executive committee *(Presidium)*, consisting of the chairperson, deputy chairperson and the neutral member (Thimm, 1980:35).

In the 1956 revision of the Montan Co-determination Act, the employee majority has no veto right in the election of a labour relations director, and it is, therefore, legally possible to elect and remove a labour relations director, even against the better judgement of employee representatives. Also, the appointment of additional outside members to the supervisory board was repealed by this amendment to the 1951 statute (Barthel and Dikau, 1980:129).

Since the mid-1950's, economic developments and corporation policy[10] have contributed much to a dwindling of organizations which met the legal requirements of the Montan industry corporation decision structure. For example, in 1951 about 71 mining companies and 37 iron and steel producing corporations came within the jurisdiction of the Montan Co-Determination Act whereas by 1975 their number had been reduced to 9 and 19 companies respectively (Spieker, 1976:91).

The sections relating to enterprise level participation of the Works Constitution Act of 1952 (as amended in 1972) provide considerably less scope for employee board level participation than its predecessor and still apply today to organizations with over 500 and under 2,000 employees outside the Montan industry. The key element in this form of participation is that employee representatives hold only one-third of the seats on the supervisory board *(Drittelparitaet)* of all corporations and limited-liability companies subject to Articles 76 and 77 of the Works Constitution Act of 1952. The law excludes family-owned corporations with fewer than 500 employees, but cooperatives with more than 500 employees must form supervisory boards. Supervisory boards must have at least three members: any number divisible by three but not exceeding fifteen persons is acceptable.

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[10] to escape the more worker-oriented provisions of this legislation, such as parity representation on the supervisory board

Employee representatives (or "employee directors" in the North American literature) are directly elected by secret ballot, and must be employed by the enterprise, if only one supervisory board member is elected. If two or more employee directors are to be chosen, at least two representatives from the enterprise (one a worker, the other a salaried employee) must be selected. The legislation thus (tacitly) permits the election of an outside person, presumably a union functionary, if the supervisory board has nine or more members. As a result, many corporations have reduced their supervisory boards to six members, as the size of the supervisory board is determined by the general shareholders meeting. The unions have repeatedly claimed that such enterprise action has been a strategic move to keep "unwanted" union representatives out of West German board rooms (Barthel and Dikau, 1980; Thimm, 1980:36).

Employee directors on the supervisory board have the same duties and obligations as shareholder representatives. This means that they cannot only pursue the interests of employees at board meetings but must also concern themselves with those of the enterprise (Fitting et al., 1980). Interestingly, the actual duties of the supervisory board are not specified by the lawmakers, but German company law requires that the management executive committee inform the supervisory board extensively about enterprise operation. In addition, the board is not required to play merely a passive role, but may demand specific reports from management (Thimm, 1980:37).

The new Co-Determination Act of 1976 applies to all corporations with more then 2,000 employees including all branches of a firm located within the territorial boundaries of the Federal Republic of Germany. This means, of course, that any branch having less than 2,000 employees is subject to the requirements of this legislation. By September 1978, only 457 corporations had elected their supervisory boards in keeping with the stipulations of this law (Barthel and Dikau, 1980:131).

A still vigorously debated aspect of this legislation (and of great importance to employee board level representation) is its system of electing employee representatives. More specifically, the arguments from the employer and union sides arise out of an electoral system that provides three possible alternatives:

1. Direct or Indirect Elections. In this system

   o the employees themselves, or
   o an electoral college, or
   o works councils (and unions)

   determine employee representatives on the supervisory board;

2. Group or Joint Elections.

   salaried employees and employees with managerial functions nominate and elect

   o separately their representatives, or
   o jointly all representatives;

3. Majority or Proportional Elections.

- o individual candidates seek nomination for every seat on the supervisory board, and only those scoring the best election results get the seat, or
- o supervisory seats are distributed in terms of the proportion of votes obtained from the three categories of employees for the vacancy (Barthel and Dikau, 1980:98)

The diverging interests between employers' associations and the unions are clearly distinguishable on this issue. The BDA (Federation of German Employer Associations) demands direct, group and proportional elections whereas the DGB (Federation of German Trade Unions) opts for indirect, joint and majority elections. Interestingly, the DAG (German Salaried Employees Union) parts company with its sister organization (the DGB) on this point through its preference for group and proportional elections. This is understandable, as it would have little chance of obtaining a supervisory board seat owing to its much smaller membership of 482,000 as opposed to the 7.8 million employees who were members of the DGB in 1978.

The main argument of employer groups for a direct, group and proportional electoral system is that employees can follow their genuine desire to vote for representatives of their choice without undue influence by the unions. By contrast, the unions regard employee electoral rights primarily as rights to *control* employer decisions. Their argument rests on the premise that only bodies that have the necessary information and potential to influence the corporate decision process (such as works councils and unions) should elect board members instead of their election being dependent on the views of "free-lancing dignitaries". Moreover, direct elections only lead to coincidental results and have a tendency to create and maintain a fragmentation of employee convictions (Barthel and Dikau, 1980:99). Moreover, Loewisch (1974) holds that the central issue in the debate on the merits of the electoral system as written in the 1976 law is the juxtaposition of labour and management as "two opposing monolithic blocks of interests", and that the law unnecessarily perpetuates this image of opposing forces indefinitely.

As a result of these divergent views, the lawmakers opted for a "compromise solution" in shaping the complex and sometimes confusing clauses of the Co-Determination Act of 1976.[11] The most common example of board level representation outside the Montan industry occurs in corporations having between 2,000 and 10,000 employees which require a supervisory board with a total number of 12 members. The board is composed of 6 shareholder representatives, 4 employee representatives and 2 union representatives of the respective industry, with the election of the employees' candidates being qualified by the legal provision that at least one member of the group of managerial salaried employees be represented on the board. This latter provision has fostered considerable debate, as the unions perceive in this measure a dilution of their co-determination goals.

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[11] The next three pages rely heavily on Barthel and Dikau (1980:130-133).

In enterprises which have up to 8,000 employees, the law requires that the employees elect their supervisory board representatives directly *(Urwahl)* whereas in establishments with over 8,000 employees these representatives are elected by electoral colleges (indirect electoral procedure). Workers, salaried employees and employees with managerial functions elect their electoral college separately and in proportion to their numbers in the enterprise (one elector for about 60 employees). Specific suggestions for the elections with a list of candidates can be made by all three employee groups but require a prescribed number of signatures. Employee representatives from outside the enterprise are chosen by the electoral colleges *jointly*, and are based on the recommendations of unions that are represented in the enterprise.

Once all board members have been elected, the members of the board elect both the chairperson and the deputy chairperson by a two-thirds majority vote. If a majority is not achieved, the shareholder representatives elect the chairperson whereas the employee representatives elect the deputy. The chair has two votes in the event of a stalemate in rendering a board decision. In turn, the members of the management executive committee are appointed by the board, and the position of the labour relations director is retained from the Montan Co-Determination Act (1951), although the 1976 legislation is silent about his/her specific policy assignments.[12]

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[12] For statements by leading spokesmen of the CDU and SPD (political parties) see: Die Zeit, July 9 and 16, 1976

Apart from the already noted divergent political considerations and aims of employer associations and unions, most participants in this electoral system regard it as rather obscure in its general intent, too time-consuming (up to 56 weeks for an election cycle) and too complex in its practical application. Yet, the electoral system provided in the 1976 legislation determines very much the degree of influence the unions can exercise on the slate of employee representatives on the supervisory board. Some indication of union representation on German corporate boards is given in Table 17 and a summary of the various board-level participation mechanisms in Figure 5 at the end of this chapter.

Since the proclamation of the Act in 1976, many corporations have *successfully* attempted to withdraw from the jurisdiction of this legislation in two major ways. First employers can choose a form of incorporation which is less subject to the application of co-deterministic principles. Two such forms are partnerships with personal liability and business foundations neither of which is affected by this Act, as the owners are personally liable to the extent of their private capital investment in the company. Second, employers can reduce the number of employees to less than 2,000 by converting parts of the organization into legally independent operations or attaching them to foreign holding companies. Examples of such entrepreneurial strategy are the Munich restaurant chain Wienerwald G.m.b.H. with about 4,000 employees, which divided its operations into four regionally independent companies all of which now have less than 2,000 employees; Kaffee-Multi Jacobs, a coffee import and processing house in Bremen, merged its powder coffee operation with its Switzerland located Jacobs holding company; and the automobile accessory manufacturing firm of Alfred Teves, Bergneustadt changed its legal status from that of a limited liability company to that of an OHG *(Offene Handelsgesellschaft)*.

Summary and Conclusions

The West German neo-corporatist alliance has imposed a number of legal constraints on workplace relations both at the plant and enterprise levels. First, the 'peace' and 'mutual trust' obligations substantially curtail worker autonomy over the management decision cycle in plant level relations. The former effectively prohibits industrial conflicts and any worker sanctions against employer misdemeanours. The latter locks worker representatives (works councillors) into some form of 'co-management' with employer representatives. This, in turn, greatly reduces the solidarity of rank-and-file employees and tempers effective workplace representation (see also Mueller-Jentsch, 1979:269-270; Miller, 1982:51).

Within the parameters of our power relations model of participation, we conclude that the overall impact of such legal guidelines on workplace relations in the Federal Republic of Germany leaves little scope for the emergence of genuine worker decision-making power via 'conflictual' participation at the plant level.

This situation is not much different at the level of the enterprise. We conclude that the range and scope of the issues that enter the decision cycle in the three board level participation models mentioned are substantially employer-controlled when it comes to decision-rule setting. In the case of board level participation of employees under the Works Constitution Act (1972), the two-thirds parity employee representation formula is obviously insufficient for labour to take any effective part in strategic decision-making. While the shareholder representatives will certainly be inclined to occasionally agree on compromise solutions, they nevertheless have the final word in determining the nature and overall direction of the enterprise at will and establishing all policies of strategic importance.

The 1952 Act (as amended in 1972) prescribes that all employee board representatives have to be recruited from within the enterprise, in this manner depriving workers of outside (union or independent) issue expertise and counsel. Last but not least, nobody on the management executive committee represents labour directly in the day-to-day operation of the enterprise. If we consider that this kind of board level decision structure applies to the vast majority of German enterprises (see Table 2,CHAPTER 4), it encompasses a very large degree of decision-making power on the part of employers' associations and industrial enterprises which virtually goes unchallenged by the representatives of labour (works councils, unions and employee supervisory board members). Hence, the reader might agree that the general level of labour's motivation to participate in enterprise level decision-making under this statutory formula ordained by the neo-corporatist business-government alliance is likely to be low.

The Montan legislation of 1951, providing parity representation on the supervisory board for labour, offers the institution of the labour relations director to represent employee daily concerns. As well, it adds a neutral person to break ties in board room decision-making, and is (at least superficially) more favourably structured for the representation of employee interests. However, the chairman of the supervisory board being elected by the shareholder representatives and having a tie-breaking vote in the event of a board dispute, effectively controls the strategic decision-making process of the enterprise in this legislation as well. In addition, the power of representing employee interests on the management executive committee *(Vorstand)* which is imbued in the position of the labour relations director is diluted by the fact that the employee majority has no veto right in his/her election. As we have already noted, it is, therefore, legally possible to elect and remove a labour relations director against the wishes of employee representatives.

While the Co-Determination Act (1976) provides parity employee representation on the supervisory board, strengthening the role of the unions by reserving more seats for outside national union officials, it does not overcome the shareholders' control over the decision cycle. This inability of employee representatives to gain greater autonomy over the decision cycle can be traced to the legal structuring of the supervisory board, the election and powers of the board chairman, and the addition to the board of an employee representative with managerial functions.

It is true that the 1976 legislation, like its predecessor, the 1951 Montan Act, legally guarantees worker access to the highest level of decision-making. Also, the range and scope of the issues which the board addresses are not legally delimited as in the case of the Works Constitution Act (1972), but, again, the setting of decision rules seems to be entirely employer controlled.

If we assume that in most German corporations a 12-member supervisory board is the rule, it means that 6 seats each are held by shareholder and employee representatives. However, the statutory requirement that one of the employee representatives on the board must be an employee having managerial functions represents to the unions the 'co-optation' of a managerial employee into the shareholders' inner sanctum to gain additional voting power. The lawmakers have seemingly been fully conscious of the fact that this employee is not likely to oppose those who have promoted him to managerial status in the first place, namely the management executive committee, which the board elects and with the members of which the co-optee must maintain effective relations on all matters throughout the year. Hence, a 12-member supervisory board is already weighted by 7:5 votes in the employer's favour rather than maintaining the prescribed unweighted numerical 6:6 parity formula. It is, therefore, difficult for employee representatives to oppose with a two-thirds majority the election of a chairman suggested by the shareholders, unless some of the shareholder representatives vote against a person who represents their own interests, which is highly unlikely.

As it is thus impossible to prevent the election of a shareholder-oriented chair, both unions and employers have compromised so that the shareholders elect the chair, and the employee representatives the deputy chair. Moreover, once the chair has been chosen, the incumbent's tie-breaking vote assures the shareholders of a majority vote of 8 out of 12 votes which equals 66.6% or exactly two-thirds. *Herein lies the essence of the case against any notion that the 1976 legislation constitutes parity co-determination.*

At the level of the management executive committee, the situation is not much different. While the office of the labour relations director is retained in the 1976 legislation, employees, again, have no veto rights in his/her election. Moreover, as labour directors are required by the legislation to act in the interest of *both* shareholders and employees, their role of forced "double loyalty" on the management executive committee further reduces their ability to effectively represent employee interests at this level of enterprise decision-making.

Finally, how can one explain the apparent defeat of all attempts by the labour movement to achieve a more significant degree of statutory co-determination for the majority of German workers? It seems that a major reason is a deep-seated concern with the problems surrounding job security which dominates the thinking of many workers due to the rather unfavourable economic environment since the mid-1970's. It would, therefore, be reasonable to conclude that this concern (just like that of Canadian workers) outweighs any desire to spend the time in initiating and experimenting with new participation ventures and designs. Also, any political action (public demonstrations strike, etc.), having the aim to shift the balance of power between the neo-corporatist government-business alliance and workers in order to achieve more genuine co-determination rights for the latter, is illegal (Daeubler, 1982:148).

In this context, Daeubler (1982:379) has noted that the leadership of the DGB (German Federation of Trade Unions) only re-entered the constitutional discussions on co-determination when its opponents (i.e. the employer federations as well as the federal government) had already introduced a successful media campaign outlining the relative merits of their particular position. The neo-corporatist alignment of the federal government with the position of the employers is clearly reflected in the remarks by the president of the DGB during a conference on co-determination at the Frankfurt Sheraton Hotel in 1975. He said: "I am under the impression that the legal formulations in support of...the limitations of union rights are, after all, nothing else than a translation of the new employer ideology into law."[13]

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[13] Heinz Oskar Vetter, quoted in: *Mitbestimmungsgespraech*, 148, 1975. See also: DGB "Mitbestimmung jetzt", discussion paper by the German Federation of Trade Unions, 1973, pp. 17 ff.

When compared to collective bargaining, it seems that board-level worker representation granted by statute is not an effective way of representing worker interests in the Federal Republic of Germany. This is so, both in terms of the limited autonomy employee representatives enjoy in board room negotiations or on the management executive committee through the office of the labour relations director (in firms with over 2,000 employees). This certainly lends some credence to Streeck's (1981:161-163) argument, namely that many unions increasingly attempt to negotiate qualitative demands (questions of job security, improvements in working conditions, etc.) into collective agreements at the industry level and delegate their implementation to the works councils via separate works agreements with individual employers. This means that important issues that cannot be addressed effectively through statutory board room representation in individual firms may ultimately be resolved in a more satisfactory way through collective bargaining.

FIGURE 5

SUPERVISORY BOARD PARTICIPATION IN THE FEDERAL REPUBLIC OF GERMANY

LEGISLATION	ELECTION PROCEDURE	SEAT DISTRIBUTION BOARD OF DIRECTORS	DECISION PROCESS
SUPERVISORY BOARD PARTICIPATION IN MONTAN CO-DETERMINATION ACT, 1951 (AS AMENDED IN 1956) APPLIES ONLY TO COMPANIES WITH OVER 1,000 EMPLOYEES IN MINING, IRON AND STEEL PRODUCING INDUSTRY	WORKERS AND SALARIED EMPLOYEES ARE NOMINATED BY ESTABLISHED ELECTORAL COLLEGES FROM EACH GROUP. A NEUTRAL MEMBER OF THE BOARD IS ELECTED, ON THE MAJORITY NOMINATION OF THE OTHER BOARD MEMBERS, BY THE WHOLE ELECTORAL BODY OF THE COMPANY. OFTEN THE EMPLOYEE REPRESENTATIVES ELECT THE NEUTRAL PERSON, AND THE SHAREHOLDERS THE CHAIRPERSON OF THE BOARD, OR VICE VERSA. THE CHAIRPERSON HAS NO TIE-BREAKING EXTRA VOTE.	THE BOARD CONSISTS OF 15 MEMBERS IN MOST ORGANIZATIONS (7 SHAREHOLDER AND 7 EMPLOYEE REPRESENTATIVES, AND ONE NEUTRAL MEMBER OF THE BOARD). THE EMPLOYEE REPRESENTATIVES MUST INCLUDE 3 WORKERS AND 1 SALARIED EMPLOYEE NOMINATED BY RESPECTIVE ELECTORAL COLLEGES (WAHLMAENNER), AND 3 OUTSIDERS (UNION REPRESENTATIVES, OR OTHER).	EMPLOYEE REPRESENTATIVES HAVE THE SAME RIGHTS AND OBLIGATIONS IN THE DECISION PROCESS AS THE SHAREHOLDERS. THE ACT IS SILENT ON THE DUTY OF EMPLOYEE REPRESENTATIVES TO ACT IN THE INTEREST OF BOTH COMPANY AND EMPLOYEES. DECISION RULES ARE SET BY BOARD MAJORITY VOTE.
SUPERVISORY BOARD PARTICIPATION IN WORKS CONSTITUTION ACT, 1952 (AS AMENDED IN 1972) APPLIES LARGELY TO ALL COMPANIES WITH OVER 500 AND UNDER 2,000 EMPLOYEES	EMPLOYEES ELECT THEIR REPRESENTATIVES DIRECTLY OR VIA ELECTORAL COLLEGE IN REMOTE AREAS WORKS COUNCILS CAN PREPARE A LIST OF CANDIDATES FOR ELECTION. ALSO WORKERS HAVE THE RIGHT TO PREPARE SUCH LISTS, PROVIDED THE CANDIDATES HAVE THE SUPPORT OF EITHER 10% OF THE ELECTORATE OR 100 WORKERS. THE LEGISLATION (TACITLY) PERMITS THE ELECTION OF AN OUTSIDE PERSON (UNION OFFICIAL), IF THE BOARD HAS NINE OR MORE MEMBERS.	AT LEAST 2 EMPLOYEE REPRESENTATIVES MUST COME FROM WITHIN THE ORGANIZATION. IF ONLY 1 REP. IS ELECTED, THIS PERSON, TOO, MUST BE AN INTERNAL CHOICE WORKERS AND SALARIED EMPLOYEES MUST BE CONSIDERED IN THE DISTRIBUTION OF SEATS. FOR THE REMAINING SEATS NO LEGAL REQUIREMENTS APPLY; THEY CAN BE TAKEN BY OUTSIDERS (UNION REPRESENTATIVES ETC.). AS SHAREHOLDERS DETERMINE THE NUMBER OF BOARD SEATS, THESE ARE FREQUENTLY REDUCED TO 6 SEATS TO KEEP OUTSIDERS OUT.	THE ACT REQUIRES THAT EMPLOYEE REPRESENTATIVES ACT IN THE INTEREST OF BOTH COMPANY AND EMPLOYEES. AS SHAREHOLDERS HAVE A LEGAL 2/3 BOARD MAJORITY, THEY ELECT THE CHAIRPERSON, AND EMPLOYEE REPRESENTATIVES CAN BE OUTVOTED ANY TIME. ALL DECISIONS ARE MADE BY BOARD MAJORITY VOTE.
SUPERVISORY BOARD PARTIPATION IN CO-DETERMINATION ACT, 1976 APPLIES ONLY TO COMPANIES WITH OVER 2,000 EMPLOYEES	IN ENTERPRISES WITH LESS THAN 8,000 EMPLOYEES, ALL EMPLOYEES ELECT THEIR REPRESENTATIVES DIRECTLY WHEREAS IN COMPANIES WITH MORE THAN 8,000 EMPLOYEES ELECTORAL COLLEGES ARE USED. WORKERS, SALARIED EMPLOYEES AND EMPLOYEES HAVING MANAGERIAL FUNCTIONS ELECT THEIR REPRESENTATIVES SEPARATELY AND APPOINT THEIR ELECTORAL COLLEGES. THE ELECTION OF THE CHAIRPERSON AND THE DEPUTY REQUIRES A 2/3 BOARD MAJORITY VOTE. IF THIS IS NOT ACHIEVED ON THE FIRST BALLOT, THE SHAREHOLDERS ELECT THE CHAIRPERSON, AND THE EMPLOYEE REPS. THE DEPUTY CHAIR.	THE NUMBER OF BOARD SEATS IS DETERMINED BY THE GENERAL SHAREHOLDERS' MEETING (NORMALLY 12 SEATS OR 16 OR 20 RESPECTIVELY). ON A 12 SEAT BOARD, THE 6 EMPLOYEE REPRESENTATIVES CONSIST OF 4 PERSONS EMPLOYED WITHIN THE FIRM AND 2 UNION REPRESENTATIVES. WORKERS AND SALARIED EMPLOYEES ARE REPRESENTED IN PROPORTION TO THEIR NUMBER IN THE ENTERPRISE. IN ADDITION TO THE 4 REPS. FROM WITHIN THE FIRM (MADE UP OF WORKERS AND SALARIED EMPLOYEES) THERE MUST BE AN EMPLOYEE HAVING MANAGERIAL FUNCTIONS.	THE ACT IS SILENT ON THE DUTY OF EMPLOYEE REPRESENTATIVES TO ACT IN THE INTEREST OF BOTH COMPANY AND EMPLOYEES. DECISION RULES ARE SET BY BOARD MAJORITY VOTE BUT THE CHAIRPERSON HAS AN EXTRA TIE-BREAKING VOTE WHICH IS NOT TRANSFERABLE TO THE DEPUTY CHAIRPERSON

TABLES - Chapter 9

TABLE 17

RESULTS OF SUPERVISORY BOARD ELECTIONS IN 457 CORPORATIONS SUBJECT TO THE CO-DETERMINATION ACT OF 1976

(August, 1978)

Union Affiliation (%)	Employee Representatives		
	Empl.w./Mgrl. Functions	Workers & Salaried Employees	Unions
Confederation of German Trade Unions (DGB)	12.3	87.0	84.0
German Salaried Empl. Union (DAG)	1.5	7.5	11.8
Other Affiliation	5.0	0.4	4.2
No Affiliation	81.2	5.1	-
	100.0%	100.0%	100.0%
Total Number:	457	1,751	996

Source: Adapted from Barthel, E. and Dikau, J. *Mitbestimmung in der Wirtschaft*, Colloquium Verlag, Berlin: 1980, p. 133. Translated and arranged by the author.

CHAPTER 10

INFORMATION/COMMUNICATION STRUCTURES

In contrast to the Canadian industrial relations scene, the decision formats used by German employers in voluntary participation schemes must be regarded as running parallel to the participation rights granted workers by the co-determination laws. This means that, where a works council exists, *de jure* information exchanges between workers and management are not unilaterally controlled by management. However, management nevertheless controls the kind of information it is willing to present to the works council, and it is in this sense that *de facto* participation may in some situations correspond with the kinds of managerial control exercised by Canadian managers. This is especially the case in organizations where workers have not elected a works council.

Our description and analysis of the German voluntary schemes will follow the approach taken in Chapters 6 to 8. Recall that we examined the impact of the decision structure of the enterprise, the influence of management policies and statute, and the way in which conflicts of interest are mediated upon power relations in the firm. Specific differences and similarities in relation to the Canadian participatory arrangements will be highlighted wherever possible.

Problem-Solving Groups

National and Regional Participation

In West Germany's neo-corporatist industrial relations system, problem-solving at the national level usually takes place in a tri-partite setting. A prime example of such arrangement is the Federal Agency for Work *(Bundesanstalt fuer Arbeit)* in which the interests of workers, employers and government are equally represented on the management board. The Federal Minister of Labour and Social Affairs appoints the worker and employer representatives whose major function it is to address themselves to problems arising from job placement and vocational guidance of workers; the preparation and dissemination of labour statistics; and unemployment insurance issues. Here, the participation of government against which both worker and employer associations have consistently raised objections, is based on the German government's responsibility for overall labour market policy. Also, nationalized enterprises such as railway and postal services have a 25% worker representation rate in their policy-making bodies (IDE, 1981:132-133).

The German Federation of Trade Unions (DGB) in 1971 adopted a new strategy for introducing federal, provincial and regional economic and social councils with parity composition of membership. These may be regarded as sounding-boards and discussion forums for governments and parliaments with respect to the formulation of their socio-economic plans. It seems, however, that their implementation is still far off (Niedenhoff, 1979:112; IDE, 1981: 133).

Following what Thimm (1980:29ff) calls "The Golden Age of Co-determination" (1951-1972), the German government began to recognize that its economic policies in the Keynesian tradition and the collective bargaining strategies of unions alone proved rather inadequate to resolve various economic, social, manpower, and income-distribution conflicts. This development led to the creation of a national committee on 'concerted action' consisting of government, top union and employer representatives which meets periodically to exchange views on the general economic, price and income policy requirements of the German economy. This committee has, however, no policy-making powers. Chaired by the Federal Economics Minister, it operates under the assumption that a common attitude toward industrial relations matters will result in policies that are not mutually defeating for the parties *(Sozialpartner)*, but policies producing optimal results for both.

Another major effort to encourage participation at the national level is the federal government's "humanising the world of work" program *(Humanisierung des Arbeitslebens-HdA)* mentioned in Chapter 4. In 1971, the German government established an "Economics and Social Change Committee", an autonomous body comprising representatives of workers, employers and research bodies. Its terms of reference are: (1) to investigate the effects of technological, economic and social change, (2) to assess the requirements with respect to the continuing development of social policy, and (3) to identify (wherever possible) opportunities for the future crystallization of economic, social and educational policy. The Committee sponsors research for this purpose and, by government decision, gives public expression of its views in the form of "opinions" only. Although the opinions have no binding quality in terms of either policy or practice, they had, by the end of 1973, led to an ongoing movement for work reform (Staehle, 1979:80).

At the regional level, the chambers of trade *(Handwerkskammern)* provide an opportunity for employers and journeymen in the building trades to discuss issues of mutual concern including apprenticeship and journeymen qualifications, licensing problems, training and career development etc. Based on the building trades ordinance of 1953, journeymen hold one-third of the seats in all general meetings, on management boards and committees. For the 3.5 million employees in trade-oriented enterprises (in 1980), the German Confederation of Trade Unions (DGB) demands equal representation in the co-determination process *(paritaetische Mitbestimmung)*, and the abolition of "election procedures based on custom that was current in the old guild system" which granted election rights only to journeymen and specialists in the trade. This approach, the DGB argues, prevents more than one half of the workers employed in the trades from exercising this right (DGB, 1974:123).

Other regional participation structures are the chambers of commerce *(Wirtschaftskammern)* which do not seem to have succeeded in claiming wide appeal among employers, workers and unions in post-World War II Germany. For example, the Chamber of Commerce for the province of Rheinland-Pfalz comprised 13 representatives each of employers and workers apart from three separately elected business consultants. From 1949 until the mid-1950's this organization pursued its objective of consolidating and representing common employer and worker interests in economic, social and political matters. However, its influence suddenly faded away when federal and provincial legislation withdrew the authority under which it had operated (Barthel and Dikau, 1980:138-140).

By contrast, the Chamber of Commerce of the City of Bremen has been able to operate successfully since 1947 up to the present with the full support of the provincial government. Article 46 of the Chamber's constitution dated October, 1947, for example, states (although rather vaguely) that the Chamber was established for the "enhancement of the economy and social policy. It [the Chamber] is to be designed and administered on the principle of parity representation by employers and workers". This Chamber consists of 18 representatives each of employers and workers. It reveals its neo-corporatist alliance with government by the fact that it has the right (and the task if called upon by the local authorities) not only to prepare evaluations of and position papers on economic matters and social policy but also to present views recommended for legislative purposes (Barthel and Dikau, 1980:140; Vilmar, 1973:463,476).

When thus compared to the many regulations which German lawmakers have developed on the practice of co-determination at the workplace and enterprise levels, we observe only relatively isolated and rather inefficient approaches to involving workers in decisions at the national and regional levels of the participation structure. Also, this general theme has, up to this point, seemingly received little serious attention in the debate on plant and enterprise co-determination.

Plant Level Participation

In the Federal Republic of Germany, most voluntary participation efforts, much like in Canada, take place at the enterprise or plant level, and show a great deal of variation in terms of the forms of participation and the degree of worker participation in management these forms permit. However, in contrast to the North American scene, most of these ventures are, as noted by several authors, of relatively recent origin (Walker, 1977a:3-4; Naschold, 1979:151; Kissler and Sattel, 1982:223-224).

To a large degree, voluntary participation schemes owe their debut on the German industrial relations scene to the change in economic and social conditions brought about by the mid-1970's slowdown in the business cycle, resulting from increasing competition in foreign markets. As already noted, this development signalled the end of the "Golden Age of Co-determination" (about 1972/73). In part, this also explains the rather limited spread of enterprise level voluntary participation schemes in German industry, although other factors have likewise been responsible for the relatively late introduction of such schemes in the FRG.

One of these factors is that, unlike in North America, voluntary efforts are only extensions (or appendages) to the existing statutory system of plant/enterprise level participation. Another factor is that the incentive for introducing a voluntary scheme depends, to a significant degree, on whether the host organization has a works council or not, and if it has one, on the extent to which the council has been involved from the start in the scheme as well as its general acceptance of it. While some works councils have been known to regard voluntary participation schemes proposed by the employer with suspicion and as intrusions into their domain of responsibility, others have willingly accepted them and actually attended any employer-worker meetings and training sessions they may have involved. Ultimately, works council acceptance of such schemes depends on the overall relationship between the works council and the various levels of management, or the prevailing "plant culture" *(Betriebskultur)* (QC, 1983:218-219; AGP, 1985:6).

After the demise of the "Golden Age of Co-determination", a number of independent and private interest organizations in the FRG have emerged and actively encouraged the introduction of voluntary participation schemes at the plant and enterprise levels. The most important of these are the German Society for Personnel Management *(Deutsche Gesellschaft fuer Personalfuehrung)*, Duesseldorf, and the Syndicate for the Promotion of Partnership in Business *(Arbeitsgemeinschaft zur Foerderung der Partnerschaft in der Wirtschaft-AGP)*, Kassel. The former was founded in the early 1950's and has, up to this day, offered its members (about 900 firms) an ongoing information exchange on participative practices via seminars, lecture presentations and formal training courses (DGFP, 1984). The AGP is of more recent origin, and promotes partnership in business via the advocacy of shared ownership plans, profit-sharing plans and participation in decision-making at the workplace and enterprise levels. Having a membership of about 420 firms (1985), it actively pursues the objective of bringing a number of suggested approaches for the resolution of organizational problems to the attention of the public (AGP, 1985).

The critical attitude of the unions toward these efforts appears to be founded largely on theoretic political principles, whereas the more positive reaction of works councils and local union representatives toward plant level participation is based more on actual experience with the various participation schemes (Beyer and Lezius, 1985:20).

The general position of the German Federation of Trade Unions (DGB) on the subject of voluntary participation is revealed in its frequently expressed concern that such ventures are designed chiefly to prevent the realization of statutory employee participation rights. This, the DGB maintains, is accomplished by short-circuiting existing participation structures, which serves to destroy opportunities for the participation of workers as a collectvity. In addressing itself to the recent introduction of quality circles, for example, the DGB asserts that the circles are initiated by employers simply for the purpose of raising productivity, consolidating their power in the organization, and reducing to a minimum the activities of the works councils and shop stewards (Zimmermann, 1983:273).

Most recent empirical research by Guski and Schneider (1983a:334) on the effects of employee profit-sharing schemes on the attitudes of works councils and employees in the FRG, indicates, for example, no negative effects on the role of the works councils. In their rather comprehensive examination of the subject, these investigators also found that smaller establishments had significantly more success in operating these schemes than larger corporations (Guski and Schneider, 1983b:141). Similar empirical findings were obtained by Fitzroy and Kraft (1984:20ff), and Schanz and Riekhof (1982:68ff). The latter authors found, moreover, that the success rate of worker participation in the decision process was often a direct consequence of an operating profit-sharing scheme.

Voluntary information/communication structures such as labour-management committees or briefing groups, which in Canada are commonly established at the plant and/or enterprise level, appear to exist in the FRG in firms that do not have a works council. These are organizations that do not come under the law (Works Constitution Act, 1972), as they have less than five permanent employees; or organizations that are subject to the law but in which workers have not elected a works council; this usually happens in smaller (often family-owned) firms. In both cases, management's 'right to manage' the enterprise *(Direktionsrecht or Weisungsrecht)* obtains, and voluntary information/communication structures can be established only with employer consent, just like in Canada. In small firms, for example, such labour-management links are often accomplished through a worker-elected shop-steward who discusses with the appropriate employer representative issues of concern to all workers in the establishment. Where such shop-steward has been given full authority by the staff to negotiate with the employer on its behalf, the resulting agreement (if any is reached) will be honoured by both employer and staff (Loewisch and Marienhagen, 1982:94). The final decision in each case is, of course, completely employer controlled.

In organizations that have a works council these functions are assumed by the council whom, as already noted, management must keep informed and who, in turn, must inform management on certain legally prescribed matters (co-operative rights). We have already indicated that, apart from such matters, the works council and the different levels of management can exchange information on literally any issue both feel requires clearing up.

Quality Circles

The Canadian conception of quality circles generally encompasses the notion of work groups with the specific objective of improving product quality by reducing product defects, reducing scrap, reducing the incidence of re-doing jobs, reducing machine down-time etc., although a slightly broader spectrum of problems may be addressed (see Chapter 6, section on quality circles). Somewhat in contrast to the Canadian scene, the fairly recent introduction of the QC concept in the Federal Republic of Germany (early 1970's) appears to have provided an opportunity for involving workers in a whole variety of problem-solving schemes beyond the original quality control aspect proclaimed as the focal point of worker participation by its founders (Deming and Juran).

Zink and Schick (1983:55ff.), for example, regard quality circles *(Qualitaetszirkel)* as an umbrella term hiding different concepts denoting problem-solving activities. Likewise, Strombach and Johnson (1982:42), in their empirical investigation of small and medium size enterprise experience with quality circles, report that employer expectations largely focused on smooth relationships between management and employees, improved productivity, improved attitudes toward the job, greater willingness to co-operate, greater employee interest in the overall activities of the organization, etc. The results of this study would confirm the assertion that quality circles in the FRG represent almost a coverall for all kinds and degrees of participation in problem-solving. In fact, Zink (1983:40-45) himself defines quality circles as problem-solving groups *(Problemloesungsgruppen)*, which, as noted, differs from the Canadian seemingly more restricted view of circles as *specific* groups having the sole task of improving product quality.

As the general nature of quality circles is rather specific to the business of the host employer, the different variants of circles operating in the FRG seem to defy more precise empirical classification. Among other schemes, Zink (1983:45) has identified three major types of circles, namely the workshop circle *(Werkstattzirkel)*, the quality circle proper *(Qualitaetszirkel)*, and the skill development workshop *(Lernstatt)*. In the order we have listed these schemes, they allow for increasing degrees of worker participation, although their actual implementation in a given organizational context may show some variation, and perhaps some overlapping as well.

The workshop circle *(Werkstattzirkel)* may be best described as an intermediate step between a group suggestion scheme and the quality circle, as we know it in North American firms. Mauch (1981:107) enunciates the key elements of the workshop circle as: (1) the selection of the project and approach to problem solution is made by management and is, in many cases, based largely on questions of product quality; (2) the selection of circle members depends on the extent to which they are affected by the problem requiring solution, and may involve different levels of the decision-making hierarchy as well as different organizational units); (3) co-ordination of the circle's activities is accomplished by lower level managers or foremen, if necessary from a different section or department; (4) five meetings during working hours are usually held for problem-solving, after which the circle is dissolved (even without results). In practical terms, the activities of the circle may amount only to the identification of problem causes and solutions within an area selected by management. The following appears to be a typical example of such arrangement recorded by Reicherts (1983:154-165), although little is known about its actual prevalence in the FRG.

Between January and March of 1983, a workshop circle was introduced at Claas OHG, Harsewinkel, a family-owned manufacturer of farm machinery with branch production plants in West Germany and other European countries. The decision to introduce a workshop circle rather than the conventional quality circle was based on the fact that this company had a well established hierarchy of command based on family ties. Consequently, the firm offered little potential for worker participation in the decision process.

The major objectives of the circle had been identified as: (1) the implementation of a general cost reduction program to make the firm more compatible with market and competition demands, and (2) improving employee motivation and attitudes toward the job via participation in plant level decision-making. The decisive factor in launching the program was that the ground rules for all levels of employees involved in the operation were laid down by top management during several meetings of managerial personnel in the latter part of 1982. This meant that top management decisions not only served as guide posts for the training of co-ordinators and moderators recruited from middle management, but also provided a choice of different problem areas for the various workshop circles operating at the shop-floor level.

In the accomplishment of their respective tasks, the circles were further instructed to arrive at appropriate solutions to the cost reduction problem which could be formulated in very concrete terms and with minimum effort, immediately implemented, applied to several cost centres within the company and arrived at in five meetings. Moreover, completed solutions had to affect employees directly, be acceptable to them and applicable to their own work area. Solutions to be avoided were those endangering the workplace, interfering with the collective bargaining process, and those unacceptable to the works council. Following its deliberations, each circle (about ten participants) had to report its findings to the appropriate level in the hierarchy of command which, having thoroughly evaluated the results obtained by the various circles, would initiate the identification of new problem areas via the co-ordinators and moderators. This procedure would then lead to the establishment of new 'cost reduction circles'.

In this particular scheme, employee members of the circle evidently have very little or no autonomy over the decision cycle. The decision to clear up problems arising from excessive operating costs had already been made by top management. Hence, the circles were placed in a problem-solving mode of operation and not in a position of participating in decisions involving a range of alternatives of which the cost reduction program could have been only one choice out of whole range of others. Clearly, management has little to lose from such a program while the same cannot be said for workers whose gains have been restricted largely to the grey area of *intrinsic* satisfactions. What is unclear in this sort of arrangement is, as Rinehart (1984: 77) points out as being applicable to participatory arrangements in general, the extent and duration of the employer's advantage. It is, however, obvious from this particular example that workers very much share the employer's burden of plant efficiency and profitability, as new cost-cutting circles are constantly created.

The issues which the circles address are confined to finding a specific solution to a particular problem which then must be presented to management for a final decision. The circles are not involved in a genuine decision process but merely in executing management's decision outputs, e.g., developing approaches and solutions to management-identified problem areas. Also, the workshop circle concept hardly provides for the training of participants in tackling matters crucial to problem solution, with the exception of management-selected coordinators and moderators. This leaves a gap in issue expertise between management representatives and the other circle participants, thus reducing even further whatever autonomy circle participants might wish to exercise in accomplishing their task. If, in addition, the problem should not be cleared up after five meetings, the workshop circle mechanism presupposes a fairly high potential for employee frustration rather than motivation to participate.

The quality circle proper *(Qualitaetszirkel)*, as we know it from our detailed discussion of Canadian circles (see Chapter 6), represents the next step up in potential for worker participation in problem-solving. The main features which distinguish the quality circle from the workshop circle concept in the Federal Republic of Germany are found in: (1) the time horizon set for circle operation, (2) the training of circle members, and (3) the selection of projects and their solution. Workshop circles are largely project-oriented and (in their classic form) cease to exist after five meetings whether a particular problem area has been cleared up or not. By contrast, the conventional quality circle (in both Canada and the Federal Republic of Germany) may operate far beyond the artificial limit of five meetings for an indefinite period (in some cases).

While the workshop circle permits only the training of management-selected personnel as co-ordinators and moderators (as in the Claas OHG example), quality circles provide for the training of all participants including rank-and-file employees. As noted, differences in issue expertise between management co-ordinators and moderators and employee participants are thereby reduced, thus allowing for more effective employee participation in circle activities. Also, employee participation in the conventional quality circle is enhanced further through more direct involvement of workers in problem identification and solution whereas in the workshop circle concept problem identification and broad suggestions for possible solutions are largely management's domain of responsibility (Zink and Schick, 1983; Strombach and Johnson, 1982).

Workshop circles, as practiced in the FRG, appear to have some features in common with the North American task force concept in terms of their project-orientation, relatively short duration, management project selection and provision of broad guidelines for problem solution, and lack of special training for rank-and-file circle members. This is definitely not the case in the operation of quality circles in both Canada and the FRG. Most markedly different from workshop circles in the FRG (or task force-like structures in Canada) is, for example, the training of quality circle members from the lower ranks in the acquisition of creative problem-solving techniques, cause-and-effect analysis, problem analysis, statistical methods, planning techniques and decision strategies, etc. (Charney, 1983; Baur, 1984:238-240).

The potential for employer-worker conflict in the operation of these voluntary schemes is extremely low, as the works council is consulted by the employer (who may be represented by different levels of the decision hierarchy) prior to the introduction of a particular participation model. If there is agreement on proceeding with the action plan it requires for implementing it, relatively smooth completion of the project is almost guaranteed. Obtaining the council's endorsement of the plan is, in most cases, not as difficult as it might appear to the casual observer, for three reasons: (1) co-determination has, as Neuloh (1960) has pointed out, brought about a modernization of managerial structures and practices which emphasize a free flow of information within the organization, discussion, consensus and co-operation; (2) works councils are able to hold their own largely through management backing, a fact discovered by the federal government appointed Biedenkopf Commission examining the record of co-determination in 1970 (Hartmann, 1979:79; Tegtmeier, 1973:98,114), and (3) within the past decade of co-determination, management has (as noted in Chapter 5: Collective Bargaining) essentially become a form of 'co-management'. This is especially (but not exclusively) the case in the manpower area where it is based on a close and symbiotic relationship between the personnel department and an increasingly management-oriented works council (Streeck, 1983:33).

A very superficial appraisal of these West German circles seems to indicate that their adoption by German entrepreneurs is fashioned along the lines of the Canadian and U.S. "package-deal" approach rather than the Japanese style QC concept. Although this issue is perhaps open to debate, recall from our discussion of the Canadian circles in Chapter 6 that the Japanese approach seemingly requires the long-term commitment of financial means to human resource training, a clearly specified relationship between the QC idea and the organization's mission and goals, and allowance for a genuine sharing of leadership and responsibility between supervisory personnel and employees.

Summary and Conclusions

Many of the comments we have offered in our discussion of Canadian problem-solving groups and quality circles would also apply to circles presently operating in the FRG. Importantly, however, access to higher levels of the decision structure is accomplished through works council involvement. In order to achieve optimal benefits from the introduction of such schemes, two major conditions must prevail in the labour-management relationship, namely: (1) continuous and open communication between supervisors and employees, and (2) a willingness to share the returns of the project, which requires both a commitment and careful planning on the part of management. Moreover, the challenge to the accountability and legitimacy of middle-management decision-making and its concomitant organizational problems (neutralization of potentially beneficial effects the circles may have, for example) appears to be an irksome problem in the FRG circles as well (Rieckman, 1983:69).

Applicable to both the German and Canadian contexts is, again, Mohrman and Novelli's (1985:109) observation (mentioned in Chapter 6) that workers and employers must get beyond initial enthusiasm over participation as a concept, and carefully examine whether circles are a route to valued individual and organizational outcomes. These authors also noted the necessity for longitudinal research to guide business firms in how to accomplish goals with the assistance of certain participation schemes. Yet, in response to these authors' argument, we may well ask why employers would wish to engage in such re-examination of the goals and outcomes of quality circles when their operation provides them with an obvious advantage in exercising decision-making power.

Although a precise listing of firms operating quality circles in the FRG is not available, some larger companies that have been known to experiment with circles are: Hewlett Packard G.m.b.H., Waldbronn; Continental Gummi-Werke, Hannover; Philips G.m.b.H., Apparatefabrik, Krefeld; Andreas Stihl K.G.; Colonia Insurance Co., Cologne; Breuniger G.m.b.H., Stuttgart; Ford Werke A.G., Cologne; NTN Kugellagerfabrik, Mettmann (near Duesseldorf); and Volkswagen A.G., Hannover and Wolfsburg.[1]

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[1] This list of organizations was compiled by the author from participant contributions contained in the proceedings of QC: *Erster Deutscher Quality Circle Kongress*, Duesseldorf, November, 1982 and QC: *Zweiter Deutscher Quality Circle Kongress*, Duesseldorf, September, 1983

The skill development workshop *(Lernstatt)* represents a more advanced participatory arrangement than the workshop circle and quality circle concepts we have examined in this section. As we shall see, the skill development workshop (SDW) affords workers a greater degree of actual participation in management decisions at the shop-floor level. As it has several features of a consultation/co-influence structure, we will reserve its analysis for the next chapter.

CHAPTER 11

CONSULTATION/CO-INFLUENCE STRUCTURES

Just like in Canada, the voluntary participation schemes described and analyzed in this chapter are less common in the Federal Republic of Germany and claim a mid-point around the unilateral/bilateral continuum. These consultation/co-influence structures are known under the labels of 'humanization of working life' (QWL), skill development workshops (*Lernstaette)* and the 'Opel Hoppmann Model'. The latter scheme stops short of granting employees co-determination rights at the plant level but permits consultation at the enterprise level.

'Humanization of Working Life' (QWL)

Much like in Canada, lagging productivity growth and increased foreign competition on world markets during the late 1960's and early 1970's had their effects on the European economic community. These pressures which European entrepreneurs had to meet head-on in order to defend their market position, were compounded by increased worker demands for improved working and living conditions following a period of relative prosperity during the 1960's. Just like in Canada, German workers began to question the value of performing a job which, on the one hand, ensured an improved standard of living but which, on the other hand, entailed negative consequences with respect to health and their satisfaction with the work environment.

As already noted in Chapter 7 on Canadian quality-of-working life initiatives, there is some fairly strong evidence that factory-like conditions, characterized by poor supervision, a lack of decision-making autonomy and automated work processes negatively affect employee health (Lowe and Northcott, 1986:119). In the Federal Republic of Germany, this kind of scenario culminated in the 'September Strikes' in 1969 and labour disputes in the provinces of Wuerttemberg and Baden in 1973 (Matthoefer, 1980:21-25).

In 1969, chancellor Willy Brandt of the Social Democrat (SPD)-Liberal (FDP) coalition responded to this situation by declaring the humanization of working life as being of central concern to future federal governmant policy. Also, reforms in this area were based on close co-operation between the parties to the debate, that is, the neo-corporatist alliance of government, employer associations and unions (Kissler and Sattel, 1982:222-223). Clearly, this was a state of affairs where labour's consent and co-operation were needed and the intervention of the federal government served to fashion yet another corporate alliance to combat the problem. As noted in Chapter 4, both West Germany and Canada were confronted with ever-rising worker expectations, increased educational levels, and new technologies at that time. These developments contributed not only to the gradual dismantling of any form of Taylorism in organizations but also to the introduction of speedy global communication.

In Chapter 4, we indicated that the 'Humanization of Working Life' program (*Humanisierung des Arbeitslebens-HdA)* was introduced in 1974 by the Federal

Ministry for Research and Technology; it was co-sponsored by the Federal Ministry for Labour and Social Affairs and the Federal Institute for Safety at Work and Accident Research. The Federal Minister for Research and Technology transferred the execution of the program (but not the decision function) to a relatively independent agency outside the Ministry (see Figure 6 on the following page). This agency is advised and supported by a committee of HdA experts, as well as by ten expert teams (including scientists, trade union representatives, employers and industrial associations). The committee of HdA experts, which monitors the program, was set up in 1975, as the trade unions insisted on participation in directing the program on the basis of parity (Poehler, 1979:9-37).

The rules of procedure required that industrial enterprises would be eligible for the allocation of funds only upon the application by management. This meant that trade unions would have very little influence on the goals and the practical implementation of these industrial humanization projects. However, in the course of protracted negotiations with the government, the trade unions succeeded in obtaining representation on all expert teams which, as noted by Poehler (1981:206), was a somewhat unusual situation within the Ministry of Research.

Despite these negotiated concessions by the federal government, Kissler and Sattel's (1982:225-227) assessment of HdA program initiatives shows that the trade unions' opportunities for influencing the various projects carried out

Figure 6
Organization of the Humanization Program
Sponsored by
the Federal Minister of Research and Technology
(Federal Republic of Germany, 1979)

(Page removed due to copyright problems) under the HdA scheme are still very limited. Possibilities for union influence are confined to contacts with the respective shop stewards (where these are members of the trade union), and to participation in central program control at the agency level. Here, control and influence are limited in practice by the threat of funding being withdrawn by the government. In this context, it is of interest to note that the rule according to which the works council has to offer written consent for HdA-supported industrial projects had to be secured by the trade unions in negotiations with the employers and the Federal Ministry of Research. The Works Constitution Act only implies that the works council should be informed of such projects, but does not require the consent of the latter.

Funds for humanization of work programs are made available to enterprises to researchers monitoring industrial projects, and to scientific institutions for so-called basic research. For humanization of work projects, companies usually receive subsidies amounting to 50% of the actual costs, but in special cases more money can be made available. Prior to 1981, independent researchers monitoring company humanization of work projects were independently funded. This procedure led to a number of conflicts between the researchers and the enterprise they were to monitor which forced the federal government to redefine the company/researcher relationship. Since 1981, funding of research is the direct responsibility of the companies, with the researchers being considered contractors of the companies (Kissler and Sattel, 1982:228).

The present structure and organization of the program have seemingly not produced an approach to humanization policy which considers not only job content and environmental influences on the work situation, but also interactions with different levels of the management hierarchy for decision power-sharing within the enterprise. It seems that the Federal Ministry for Research and Technology gives priority to the traditional promotion of technological advance. Evidence of the Ministry's approach to the humanization of work program can be found in its support for isolated prototypes, limited model tests ('work structuring') and demonstration projects (Poehler, 1980; Braeunling, 1979:139-149).[1]

More recently, however, there has been a move away from limited projects to integrated projects with respect to special areas of industry; to projects relating to special occupational groups in various sectors of industry (humanization of welding, for example); to special projects with the aim of disseminating and implementing research findings from the field of work humanization. This aspect is presently of particular importance to business entrepreneurs, as they are likely to make private investments for a humane work design only if humanization does not inhibit rationalization attempts, or is otherwise justifiable in terms of the costs involved (Kissler and Sattel, 1982:237-239).

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[1] This view expressed in the literature supports our argument concerning the Canadian QWL initiatives. In the vast majority of projects we have examined, employers have addressed mainly the job content and work environment dimensions of QWL but not too frequently the management decision process dimension of QWL, as we have defined the phenomenon at the beginning of Chapter 7.

Such neo-corporatist perspective has, for example, been clearly expressed by the board chairman of the German Metal Industry Employers Association in the province of Baden-Wuerttemberg. He indicated that "the preconditions of the market economy make the fundamental equality of the aims of productivity and humanization relative. Productivity becomes a prerequisite of humanization" (Meier, 1979:57). This view is also clearly expressed by the actions of the three large parties, the CDU (Conservatives), SPD (Social Democrats) and FDP (Liberals) which, along with the trade unions and the employers' associations, had meanwhile integrated the demand for a humanization of working life into their own programs.[2] In an effort to foster international competitiveness, government policy was designed to promote and introduce new technologies, and to make the existing organization of production more flexible in response to quickly changing market conditions. This attempt was based on the assumption that humanization and increased productivity need not necessarily exclude one another (FRG, 1977:12).

Workers and their representatives (works councils and unions alike) are seemingly not overly well informed about the possibilities for improving their working conditions; hence, they cannot bring forward clear and specific demands for change. This statement is supported by fairly recent empirical research on the subject carried out in the Federal Republic of Germany by Kissler and Scholten (1981:204-211), Wilpert and Rayley (1983:57-58) and Paul and Scholl (1981:133-134). In response to this lack of parity, the German Federal Government recently established the Federal Centre for the Humanization of Working Life *(Bundeszentrum Humanisierung des Arbeitslebens)*. This institute is detached from the fairly independent agency 'Humanization of Working Life', and its aim is to train, guide and inform all groups and individuals interested in work humanization.

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[2] See the following documents and texts: "Reform des Unternehmensrechts", CDU (1973); *Soziale Ordnung*, CDU (1974:7-10); "Entwurf eines oekonomisch-politischen Orientierungsrahmens fuer die Jahre 1973-1985", SPD (1972); *Die Freiburger Thesen der Liberalen*, FDP (1972).

The record of federal government approved and sponsored humanization projects is impressive (1984), but the large majority of these initiatives are concentrated in the field of ergonomics. Only a very few projects deal with extending shop-floor and enterprise participation in management decision making beyond the legal norms *for workers as a group*. Most employers appear to feel that, under co-determination, workers have already gained adequate participation rights, so that any extension of them is not in their interest. This view is clearly reflected in Table 18 at the end of the chapter.

As some writers have noted, the implementation of humanization projects clearly reveals the economic interests of employers. Here, we may distinguish between interests in terms of flexibility in production line operations, questions concerning the technical organization of production, and personnel issues (Kern, 1979:196; Meier, 1979:48ff). The first area includes making production more flexible by introducing product diversification and innovation to meet competitive demands in an industry. In addition, the introduction of new work structures may mean improvements in product quality, reduced quotas of rejects, smaller losses from unco-ordinated work flow and fewer disturbances in the production process. Advantages for employers in the area of personnel issues resulted from work structuring measures, including reductions in turnover and absenteeism, improved possibilities for manpower allocation, and reduction of shop-floor conflicts (Poehler, 1980).

The employers claim that the establishment of semi-autonomous work groups offers special opportunities for job enlargement, and thus for worker participation in decisions and enhancing their qualifications. In reality, however, these opportunities are counter-balanced by the general nature and direction of most projects, in that they require increased productivity, stress through group self-discipline, and wages based on group productivity. Moreover, the fact that so-called contact persons took over some of the functions of the foremen and were also involved in making personnel decisions relating to the groups, led to rivalries between group leaders and those who officially represent worker interests (works councillors and shop stewards). Employers seem to pursue the improvement of working conditions as a *defensive strategy* to obtain as much rationalization as possible and as much humanization of the work process as required (Kissler and Sattel, 1982:239; Naschold, 1979:150-172).

Being formally involved at the agency level, trade unions refrained for a long time from publicly criticizing the nature of worker participation in humanization projects. In this manner, open criticism of the projects, such as 'work structuring projects' which, in practice, were nothing more than sophisticated models for rationalization, was avoided. Moreover, as Kissler and Sattel (1982:243) have noted, the discussion of financially important programs for the adoption of new technologies was inadequate in terms of how these programs were to fit in with government humanization policies. It was only recently (early 1980's) that a worker-oriented, integrated technology policy and a correspondingly organized agency have been established; and only recently that the trade unions succeeded in changing the project organization to permit employees and works councils, as well as employers, to initiate projects. Even today, projects (with attendant research) are launched largely at the request of the employers, and they can very decisively influence their general direction, content and goals.

Worker influence on humanization projects appears to be still rather limited in that government regulations for the initiation and implementation of the HdA projects do not (as already noted) require that employees be informed of industrial humanization projects or begiven an active voice in them. On the basis of existing regulations, neither the trade unions nor the governmental project agency is in a position to impose real control on the final course a project will take and its outcomes. This is apart from the fact that the goals and strategies pursued by employers and those of the unions frequently collide in the course of some projects (Poehler, 1981:207; Pornschlegel and Schuette, 1981:142-145).

Apart from being concerned with problems of communication between scientists and practitioners, trade unions maintain that the field of ergonomics is highly management-oriented. They have expressed some skepticism on this account toward the research efforts carried out in the area. However, the limited possibilities of co-operation between trade unions and researchers have been well recognized for some time and, in co-operation with the universities and scientists, projects for the theoretical and practical development of a worker-oriented science have now been carried out (Bamberg et al., 1979; Katterle and Krahn, 1980).

Research on these government-sponsored HdA projects in the Federal Republic of Germany suggests that employers have almost total control over the decision cycle. First, employers largely determine all strategic inputs into the cycle, namely the nature and range of issues a project is meant to address, and seemingly impose whatever decision rules they feel are necessary to achieve pre-established objectives. Workers and/or their representatives are certainly able to access higher levels in the management hierarchy through the works councils to consult on specific concerns they may have in the course of a project. However, their degree of issue expertise combined with the information made available to them by management are, as we have seen, usually rather marginal to successfully counter any employer strategies in the practical implementation of a project. Moreover, present employer ideologies on rationalization and views on raising productivity levels (this is what HdA efforts seem to amount to) in the Federal Republic of Germany appear to leave little room for debate and compromise owing to the severe downturn of the German economy since the mid-1970's. This combination of factors seems to effectively prevent the exercise of conflict strategies in the labour-management relationship, and hence the emergence of truly participative endeavour.

Finally, the system of government regulations pertaining to these humanization efforts does not (either by design or default) seem to strengthen the role of workers or their representatives (works councils/unions) in carrying out a project to the mutual satisfaction of employer and worker. Thus, it would appear that the great potential of these projects for serving as consultation/co-influence structures in bringing about genuine employer-worker collaboration in achieving mutual aims is not fully realized in a fairly large number of cases.

The humanization of work thus becomes a process of innovation complying wih certain interests, and this process has probably not yet reached its limits within the framework of capitalist systems (Peter, 1979:41). The extent to which this process is largely dominated by the business establishment, or is germane to serving the interests of workers depends heavily on the role of workers and unions in supporting government initiated programs and their readiness to stand up for their claims. Just like in Canada, however, there are a few voluntary initiatives in the Federal Republic of Germany extending beyond the norms of the government-sponsored QWL projects, which now deserve our attention.

Special Co-Influence Structures

One participation model which goes substantially beyond changing the job content and the work environment is the skill development workshop *(Lernstatt)*. This scheme originated in the early 1970's as a response to the plight of foreign workers *(Gastarbeiter)* in becoming acquainted with the German language, work methods and job socialization practices. Over the years, the skill development workshop (SDW) graduated into a form of group exercise similar to the Japanese conception of the quality circle but providing appreciably more opportunity for personal development and participation in the management decision process (Samson, 1982:43; Reichart, 1983:86-88).

A good illustration of this participation scheme is the SDW experience at the Hoechst AG. in Frankfurt/Main, a manufacturer of electrical equipment with a number of branch plants in the FRG. Samson (1982:54) reports that the basic principle underlying this SDW is combining the work experience with personal and skill development by "encouraging and bringing together the professional and social competence of as many participants as possible".

In most instances, the SDW consists of a group of between 6-8 workers (more than one SDW in a company are possible) who usually meets for one hour per week for group discussions about their work experience in the organization. These meetings are designed chiefly to explore issues which, in the view of the group(s), need to be addressed, and may include management production plans, concerns of the works council, practical ideas on improving worker-management relations, work methods, company policy and other matters the group(s) wishes to pursue. Usually, a compromise is reached among projects suggested by the group itself, management, works council, or even business associates and customers of the company.

The major structure of the Skill Development Workshop includes the role of moderator, the management hierarchy and the team of advisers at head office. First, the key figure in the SDW is the moderator who is neither an expert in organizational development nor a top professional in the firm. He/she is simply an employee who is willing to take the risk of initiating something new within a group of colleagues, and who is ready to participate in a short but intensive moderator training course. This training is enhanced by the 'moderator round table', a structure designed to have moderators from various plants meet once per month for an exchange of ideas which is convened by the head office team advisers.

Second, the various levels of the management hierarchy may or may not be involved in the project from the start, but may enter the SDW at a point when major recommendations for improvement projects require the consent of the line command. Middle and top management are, in most instances, accessed through the adviser team, and may participate in the moderator round-table discussions. The different levels of management retain, of course, the right to make the final decision, but are required to present a detailed explanation to the group(s), if their decision deviates substantially from the group's recommendations. However, the group's immediate superior is included in the workshop but primarily as an expert on matters the group has chosen to address.

Third, the team of SDW advisers, usually located at company head quarters, assumes largely a supporting role, suggests new initiatives and approaches to the moderator round-table and works out strategies with the various plants of the company as to how they can make the best use of the operating SDW's to meet their local requirements. A period of three or more years is often necessary for a SDW to achieve tangible results for both workers and the employer (Riegger, 1982).

As already noted, SDW's and quality circles certainly have similar methods of operation but differ in some important respects. First, the SDW is not confined to the issue of quality control; in fact, the latter is considered a by-product (although undoubtedly a desirable one). Second, the SDW operates in a decision mode (in contrast to the quality circle) in that it chooses its own objectives, sets the decision rules to achieve them, allocates the necessary resources, and is fully responsible for its implementation. It is, therefore, not strictly a problem-solving device like the quality circle, where the decision to resolve the problem of achieving improved product quality has already been made by management. Third, the immediate superior of the group also acts as team leader in the quality circle whereas in the SDW he is chiefly expert adviser functioning under the direction of the head office SDW experts. Finally, the SDW seems to place more stress on the management process dimension of the quality of working life concept (defined in Chapter 7) than does the quality circle proper with its main emphasis on changing job content.

As a participation scheme, the SDW seems to offer considerable worker autonomy over the decision cycle at the shop-floor level in that inputs are not all employer-determined, decision-rules are not imposed from above, and all outputs are for the group to implement without much interference from management. Access to the various levels of the management hierarchy is, however, largely employer controlled and is usually realized through the "filter" of the head office expert team.

It seems that the operation of an SDW (depending on management's preferences of format and distribution of responsibilities) does, indeed, reduce differences in issue expertise between workers and the management hierarchy. This, in turn, raises the group(s) level of 'participation competence', to quote Kissler and Scholten (1981:185) once again. In summary, the SDW appears to enhance worker skills in communication, self-development, and recognition of the impact their contribution can make to the management decision process in some important areas of the company's operation. The best known larger firms in the Federal Republic of Germany which have introduced SDW's are Hoechst A.G., Frankfurt/Main; Bavarian Motor Works A.G., Munich; Draegerwerk, Luebeck; Weidmueller, Detmold; and Hannen Brauerei, Willich (a brewery).[3]

A good example of a company which operates a fairly efficient consultation/ co-influence structure of worker participation at both the shop-floor and enterprise level is Martin Hoppmann G.m.b.H., Siegen. This Opel automobile distributor and dealership has provided opportunities for employee participation in the management decision process beyond the statutory requirements since 1961. The firm also introduced an employee profit-sharing program following several years of operation. The extent to which the 'Opel-Hoppmann Model', as it is called, is being applied in other firms of this industry is not known.

As reported by Vilmar (1981:276ff), a works agreement signed between employer and works council in 1978 requires the formation of autonomous work groups in all departments with the objective to:

- exchange information
- solve problems on the job
- clarify relations with superiors and among group members
- prepare suggestions for plant improvements
- establish common interests and present these to the employer
- hold discussions on work flow and methods
- decide jointly with the superior on appropriate measures to achieve optimal results.

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[3] Compiled by the author from QC: Proceedings of *Erster Deutscher Quality Circle Kongress*, 1982, and QC: *Zweiter Deutscher Quality Circle Kongress, 1983*. See also AGP, 1985

Work groups usually consist of beetween 8-12 employees which have a common task and share the same supervisor. These teams elect a leader (group representative) for at least one year who discusses matters concerning the group as a whole with the supervisor only when requested to do so by the group. The formation of these teams and the election of the team leader is supervised by the works council.

All group discussions usually take place during working hours on full pay, and the superior must encourage such meetings, and assist the team in its efforts via consultation and providing necessary information. The purpose of such team-superior collaboration is to arrive at decisions that satisfy both the employer's and workers' interests. If no agreement is reached on certain issues, the superior is, of course, not obliged to accept the views of the team; however, if he renders a decision which runs counter to the expressed wishes of the team, he has to provide a satisfactory explanation for his action.

The team has the right to contact the works council on the matter and obtain its advice. In this case, the works council will discuss the issue involved further with top management (if this is indicated), and attempt to reach a mutually acceptable solution to the problem. Failing agreement at this level, the works council may appeal to the conciliation committee having parity representation (Article 85, Section 2, WCA) whose decision substitutes for the results of the discussions between employer and works council.

This type of arrangement almost borders on employees having indirect rights of co-determination.

Minutes are taken of all team meetings and are presented to the superior, the works council and top management for informational purposes. The superior is then required to address the various items of concern to the team listed in the minutes. If he/she is unable to respond to these items in a satisfactory manner, those issues wanting further explanation are passed on to top management in writing with copies of the information being forwarded to the works council (Hoppmann, 1973; Vilmar, 1981:279).

At the enterprise level, a consultation/co-influence structure for worker participation exists in the form of the finance committee *(Wirtschaftsausschuss)* on which the employer and workers are equally represented (4 representatives each from labour and management). This committee consults on financial matters of the firm, monitors monthly production results, and participates in all important decisions concerning the enterprise as a whole. Employee representatives are chosen by the works council on a rotation basis, and management is represented by the general manager, two of his delegates, and a department head. In the case of a 'tie' in rendering a decision on a certain issue, both sides can call on a neutral party on which they have previously agreed to call in resolving the stalemate. However, this individual only plays the role of an advisor, has no formal vote, and can at best suggest a course of action to the parties that may assist them in arriving at a solution to their differences (Barthel and Dikau, 1980: 144).

Although the potential for conflictual encounters in this kind of participation scheme is ever present, a genuine conflict situation has been extremely rare or non-existent in finance committee meetings at Opel-Hoppmann. Obviously, the 'peace' and 'mutual trust' obligations, and the conciliation committee procedure contained in the Works Constitution Act (1972) are conflict deterrents (see Chapter 9). The employer's willingness to extend worker consultation rights beyond the legal guidelines to the enterprise level, and to widen the range and scope of the issues is another deterrent. Moreover, the negligible gap in issue expertise between the parties (and hence 'participation competence') which they have accomplished is another bonus. Also, the committee is required to report the results of its meetings to the works council and keep all employees informed about the final disposition of issues that have come up for discussion. While management is not obligated to abide by the suggestions made by worker representatives, it is, however, required to provide a detailed rationale for a decision reached without consensus (Jungblut, 1973:156; Bruns, 1980:128-129).

Clearly, the Opel-Hoppmann participation system offers not only a solid base for ongoing consultations but also substantially increases opportunities for workers to co-influence management decisions both at the shop-floor and enterprise level. Worker autonomy over the decision cycle is not severely challenged by the employer; the range of issues entering the cycle for decision-making is considerable (from operational concerns to enterprise strategy); management views are not imposed; the issue expertise of workers and their representatives in dealing with management concerns appears to have reached a reasonable degree of sophistication; different levels of the management decision hierarchy can be easily accessed; and the general nature of enterprise participation rules (*Betriebsvereinbarung*) appreciably exceeds the degree of consultation required by statute. Hence, we may conclude that the Opel-Hoppmann model represents a viable worker consultation/co-influence structure within the focus of the present analysis. The reader may have gathered that the Opel-Hoppmann participation scheme, when compared to the SDW (*Lernstatt*) concept, shows some substantial differences in that this model *guarantees direct worker access to all levels of management on a permanent basis by an enterprise agreement between employees and management*. By contrast, the skill development workshop is a more temporary arrangement which leaves worker access to the various management decision levels up to managerial 'discretion'. However, its potential for improving worker-middle management relations through ongoing joint skill enhancement training should not be underestimated.

The closest Canadian equivalent of the Opel-Hoppmann model is the Scanlon Plan which, as noted in Chapter7 , is not very widespread in Canada. Both participation schemes stop short of granting workers co-determination rights at the plant level but permit consultations with top management at the enterprise level. This is accomplished via worker representation on the finance committee at Opel-Hoppmann and on the screening committee in Canadian Scanlon Plan firms. Both models have interlocking employee participation structures in the form of the production committee and the screening committee under the Scanlon Plan; and work group committee vis-a-vis finance committee representation at Opel-Hoppmann. As well, both models offer a profit-sharing plan to all employees.

The models differ in that the range and scope of the issues that are permitted for participation in Scanlon Plan operations is largely confined to operational procedures and production methods whereas worker representatives can address issues concerning the enterprise as a whole in the Opel-Hoppmann scheme. As well, the potential for conflict between workers and management appears to be slightly greater in Scanlon Plan operations (especially over the regular payment and amount of the Scanlon bonus) than at Opel-Hoppmann where statutory and psychological deterrents seem to work against its occurrence.

Other well-known companies that have extended similar employee consultation rights beyond the legal guidelines of the co-determination laws are: Firma Duscheleit, Berlin; Lux-Gruppe, Wermelskirchen; Firma Rossmann, Grossburgwedel; P.S.I., Berlin; Firma Rieco, Gruenstadt; and Firma Buss, Hamburg (AGP, 1985).

Summary and Conclusions

West German consultation/co-influence structures appear to have a great number of similarities with QWL initiatives operating in Canada in terms of management policy and goals in the implementation of such projects. While these schemes in the Federal Republic of Germany permit worker consultation on plant-wide rationalization arrangements, increased productivity is usually achieved via the promotion of work group identity, management's improved access to workers' knowledge and skills, and improved worker identification with the products of their labour (see Chapter 7). As already noted, however, this is not to say that workers cannot derive improved well-being and satisfaction from such arrangements, although there is some conflicting evidence on this issue.

We conclude that the the implementation of QWL concepts will have different results depending on the organizational and industrial contexts in which they are applied (see also Lowe and Northcott, 1986:118). We should like to restate our earlier view, namely that the decisive criteria for continued worker co-operation in such democratic work reforms appear to be enhanced opportunities for autonomous decision-making combined with more tangible results from them (pay incentives, more flexible work arrangements, improved occupational health and safety standards, etc.).

TABLES - Chapter 11

Table 18

'Humanization of Work' (HdA) Projects of the Federal Ministry for Research and Technology Federal Republic of Germany December 31, 1984

Subject	No. of Projects		Amount of Funding (DM)
A. Projects in Ergonomics			
1. Changes of Equipment Characteristics	250		248.009.194
2. Noise	91		33.741.450
3. Safety Engineering	62		31.591.394
4. Toxic Work Substances	57		33.981.969
5. Industrial Hygiene & Occu-	47		30.248.567
6. Industrial Sociology and Psychology	46		26.891.613
7. Combined Work Hazards	40		34.987.412
8. Work Safety & Accident Prev.	24		14.750.908
9. Swinging & Shaking Structures	15		5.681.752
10 Ergonomics (general)	11		7.047.794
11. Heavy Physical Work	11		4.567.723
12. Air Flow & Ventilation	4		5.325.281
pational Health			
13. Monotony/Overconcentration	1		59.100
		Total:	476.884.157
B. Projects in Other Fields			
1. Work Structuring			
a) Metal Mfg. & Electrical Eqt.	63		68.687.360
b) Carpentry & Furniture Mfg.	35		26.138.136
c) Textile & Clothing	44		36.583.115
d) Other Mfg. Industries	25	(see over)	15.806.941

Subject	No. of Projects	Amount of Fundg.DM
e) Hotel & Restaurant Services	31	16.819.926
f) Social & Health Services	3	2.322.988
g) Railway Transport	8	4.673.899
h) Other Service Industries	6	2.459.307
i) Assembly Work	9	13.465.211
2. Worker Qualification via Structuring	22	20.893.536
3. Socio-Technical Analysis		
a) Exploration of New Work Humanization Technologies	17	27.027.438
b) Effects of New Technology on Office Administration	23	19.407.209
c) Effects of New Technology on Production Line Work	48	54.110.787
d) Development of New Work Structures in Office Admin.	26	13.017.379
e) Development of New Work Structures in Production	21	22.361.863
f) Improvements to Working Conditions for Special Employee Groups (Women, Handicapped etc.)	24	21.409.478
4. Development of Enterprise Rationalisation Programs	15	3.627.071
5. Public Relations for Diffusion of Knowledge about QWL	59	28.573.269
	Total:	397.375.913

Note: Translated, compiled and arranged by the author from unpublished data provided by the Federal Ministry for Research and Technology, Federal Republic of Germany, May, 1985.

CHAPTER 12

CO-DETERMINATION FRAMEWORKS

Just like in Canada and the United States, attempts at voluntary worker participation at the board level in the Federal Republic of Germany resulted from either the threat of business failure, and subsequent employee takeover of the enterprise, or the designs of socially-minded entrepreneurs in smaller limited partnership companies or private firms.

By 1975, about 700 business firms in West Germany had introduced participation rights for their employees either via collective bargaining efforts or works agreements which exceeded the legally required norms (Muszynski, 1975: 139). Much like in Canada, these establishments can be divided into those permitting *shared ownership* and *employee ownership*, with worker board-level participation in publicly-owned establishments being the rare exception.

Shared Ownership

The majority of shared ownership companies operate gain-sharing plans, as the federal government provides the necessary tax incentives to encourage them.[1] However, only a few of these enterprises combine, as noted by Heinrich (1981:225), the idea of shared ownership with attendant employee participation in management decisions at the enterprise level (between 20 and 30 firms). As well, only a few organizations in which such board-level voluntary employee participation has occurred are members of the Syndicate for the Promotion of Partnership in Business *(Arbeitsgemeinschaft zur Foerderung der Partnerschaft in der Wirtschaft-AGP)*, which, as already noted in Chapter 10 (Plant Level Participation), had a membership of about 420 business firms in 1985 (AGP, 1985). It was, therefore, impossible to examine the characteristics of firms participating in the AGP (size, economic sector, product, profitability, technology used etc.) that can be consistently identified with the presence or absence of particular co-determination schemes.

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[1] The Capital Sharing Act of 1984 (*Vermoegenbeteiligungsgesetz*) provides tax incentives for 'silent' employee-employer partnerships, employee loans to employers, employee stock ownership, employee participation in a company's investment portfolio, profit-sharing and other programs - see: "Kapitalbeteiligung

A prime example of shared ownership firms which permit board-level employee representation is Foto-Porst K.G., Nuremberg, a chain store selling photographic equipment and accessories with its own photo laboratories and a small publishing centre producing illustrated materials for newspapers. This company is 80% employee-owned with the remaining shares being held by its former single owner, Hannsheinz Porst.

The enterprise decision structure of the Foto-Porst group consists of the general shareholders' meeting of which each employee of the firm is a member, and the nine-member management executive committee *(Beirat)*. The executive committee exceeds the powers of the supervisory boards under the

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in Arbeitnehmerhand" information brochure issued by Der Bundesminister fuer Arbeit und Sozialordnung, Bonn: 1983 co-determination laws, in that it determines and supervises all major management planning and decision-making which occurs during a given business year (Bruns, 1980:128-133).

Five members of the management executive committee are elected by all employees directly. The appointment of candidates for the remaining four seats on the committee, who must not be taken by employees of the firm, is the responsibility of the former employer shareholder group (Hannsheinz Porst K.G.) and the employee shareholder association *(Mitarbeiterbeteiligungsgesellschaft)*; these two groups appoint two members each, making up the nine-member committee.

The management executive committee is in office for a period of three years, establishes general principles, objectives and operational guidelines, appoints the management group of the company and can remove it from office, if necessary. In the case of a dispute on policy matters, the five employee members elected by the general shareholders meeting also nominate four of the five members of the arbitration committee who must not be members of the company, with the chairman of this committee being appointed by the chief justice of the Nuremberg Court of Appeals. The arbitration committee can be consulted by members of the management executive committee, if, in their view, company policy has been violated. In this respect the arbitration committee has the ultimate decision.

In order to maximize employee participation at the workplace level, seven-member employee committees on important issues (principles of participation, leadership styles, employee working conditions, wages and benefits etc.) are elected for a two year period, and their majority recommendations presented to management for a final decision. This mechanism seemingly ensures the horizontal integration of decision-making power in the organization (Porst, 1973; Bruns, 1980:132; Steinmann and Mueller, 1979:289-302).

Everyday supervisor-employee relations in this model are based on Hoehn's (1967:17) "leadership for employees" principle which requires that (1) the individual employee is in total charge of a firmly bounded area of responsibility, and (2) the supervisor assumes only a co-ordinative and control function. This arrangement is, of course, nothing new, and quite resembles a job enrichment situation only that the role of the superior carries significantly less decision-making power, although the supervisor can formally overrule any decision made by a subordinate. Clearly, this situation will impose a fair degree of role stress on the supervisor, especially as the Porst model offers the opportunity for employees to evaluate their superior and remove him during so-called "superior confirmation" sessions which take place every two years (Steinmann and Mueller, 1979:228; von Stosch, 1972:3).

Another example of a shared ownership firm is the construction company Louis Fischer K.G., Offenburg which has a profit-sharing as well as an employee share-purchase scheme. Here, employees share in the profits of the company which, after a period of time, they can convert into shares and in this manner become 'silent partners' with control and information rights at the board level. The Louis Fischer K.G. is a so-called "partnership enterprise" *(Partnerschaftsbetrieb)*, that is a member of the Syndicate for the Promotion of Partnership in Business, and has two co-determinative decision structures in which both employees and the employer are equally represented. Unhappily, the extent of employee-shared ownership is not disclosed in the literature, although it is an important determinant of the nature and scope of participative rights granted by the employer (Bruns, 1980:125).

All employees of this firm are members of the 'general partners meeting' which, in turn, elects four members to the 'partners central committee'. This committee has co-determination rights in strategic decisions on social and financial matters (all company acquisitions over 100,000 German Marks, the planning and introduction of new products, important personnel matters, etc.).

The 'partners central committee' consists of four employee partners, four enterprise partners and a neutral member who are chosen by mutual agreement of both sides; this group of nine members represents the supreme decision-making body of the company (e.g., the board of directors in the Canadian context). This committeee discusses all important business matters, the market position of the company and the year-end balance. It must be informed by management on the status of employee share capital; and determines, within legal and contractual limits, all public relations matters and management strategies via simple majority vote. In the event of a dispute, the arbitration committee consisting of outside representatives (like in the Porst K.G. model) makes a final and binding decision (AGP-Mitteilungen, 1973:6; Bruns, 1980:125).

The works agreement between employees and employer at the Louis Fischer K.G. is silent on the issue of workplace participation. Hence (unlike in the Porst model), directives continue to be channelled down the management hierarchy, and the superior is merely required "to ensure that the subordinate genuinely understands what he is expected to do..." This is surprising, if we are to take seriously the objectives of the partnership agreement which guarantees every employee "the greatest possible autonomy in making decisions about his work with the aim of safeguarding his right to personal development and promoting individual initiative and responsibility" (Barthel and Dikau, 1980:147).

While the 'Offenburg Model' (as it it called after the company's head office location) certainly offers considerably more participation rights and autonomy over the decision cycle for employees than those contained in the Works Constitution Act (1972), it also sets some clearly defined limits. For example, all members of the partnership committees are bound by an oath of secrecy about their deliberations in committee; no rules beyond the legal guidelines contained in the Works Constitution Act (1972) cover important employee concerns such as protection from notice of dismissal or election of superiors; and, interestingly, both the works council and the unions have been excluded from the partnership agreement (Barthel and Dikau, 1980:147).

Since the early 1960's, other 'partnership enterprises' with shared ownership schemes and co-determinative decision structures at the board level have emerged, such as Ferdinand Pieroth G.m.b.H., Burg Layen. This firm also allows for board room joint decision making in return for employee capital investment in the firm, but, in contrast to the Louis Fischer K.G., has a partnership assembly (company board) on which the distribution of seats has been weighted in favour of the employer. Here, the board consists of 6 employer and only 5 employee representatives (a total of 11 seats), in this manner limiting employee autonomy over the enterprise decision cycle to a considerable extent (Bruns, 1980:125).

Perhaps the best known and most experienced of the partnership enterprises in the Federal Republic of Germany is Firma Johann Friedrich Behrens, Ahrensburg, a manufacturer of paper clips and small office materials. The 'Ahrensburg Model' of board-level employee representation provides through a partnership agreement the opportunity for employees over 21 years of age to become 'silent partners' of the firm through the purchase of shares. In 1976, 265 of a total of 465 employees were silent partners and had equal voting rights regardless of the number of shares owned (Barthel and Dikau, 1980:148).

The supreme decision-making structure in this organization is the general shareholders' meeting which determines overall company policy and management strategy, and the admission of new partners. The management executive committee *(Beirat)* in the Ahrensburg Model consists of 5 members of whom 3 (2 insiders and 1 outsider) are appointed by the shareholders' group and 2 (1 insider and 1 outsider) by management. Article 27, Section 1 of the partnership agreement specifies the objective of the management executive committee as assisting "labour and capital to form an intimate union of interests and to reduce any adversary sentiments between the parties to an absolute minimum" (Utz, 1969:22; Ballerstedt, 1971:52ff). Reporting to the general shareholders' meeting, the management executive committee also gives final approval to all management strategic policies as well as changes to important provisions in the partnership agreement (Bruns, 1980:126-127). In the event of a dispute, an arbitration committee renders a final decision binding on both parties, and is, according to Article 42, Section 3 of the partnership agreement, required to "ensure that the general objectives of the agreement are met" (Barthel and Dikau, 1980:148).

Despite this rather extensive co-determination framework giving employees a high degree of autonomy over the decision cycle which is, moreover, contractually secured, the aims of the founder of this model, Carl Backhaus, a democratic and liberally-minded entrepreneur from the anti-fascist camp under the Hitler dictatorship, was not successful indefinitely. Similar to the 'Offenburg Model' (Louis Fischer K.G.), the plant and workplace management hierarchy was left unaltered without, for example, offering at least some token horizontal integration of participation efforts, as is the case in the Foto-Porst model. Second, rank-and-file silent partners did not seriously participate in the decision process of the company to the extent required by their role as specified in the partnership agreement. Third, the sense of responsibility necessary for self-management remained inadequate in most employees whose main interest was largely directed toward immediate financial gains. Fourth, the differences in attitude between partners and non-partners of the company as well as the outlook on business matters between old and new partners created factions among the employees. Fifth, the side-by-side existence of contractual and statutory co-determination guidelines administered by the respective committees led to conflicts over jurisdiction and differences over approaches to board-level employee representation.

The 'Ahrensburg Model' perished in the economic recession of the mid-1970's when the company encountered marketing and financial problems, as a result of which many of the employee partners withdrew their funds. In order to stop the outflow of employee partner capital and raise more funds on the open money market to rebuild the company's competitive strength, the company converted its legal status from that of a private firm to a joint-stock company. The new management dissolved the existing participation structures, and the employees - up to then silent partners and now public stockholders - own about 92% of the new company's stock, and hence have a clear majority vote on the supervisory board under the Co-Determination Act of 1976 (Andresen, 1978:68ff; Barthel and Dikau, 1980:149).

Perhaps with the exception of the Foto-Porst K.G., these models, while they allow for ready employee access to the highest levels of decision-making, seem to encounter some problem in "translating" the participation principles applied in the board room further down the management hierarchy. This kind of arrangement is the more difficult to explain when we recall that one of the cornerstone assumptions of West German 'economic democracy' is that the structure and operation of enterprises can be legitimated only by the consent of all employees.

Employee Ownership

An interesting example of employee ownership is the Suessmuth Glass Works at Immenhausen which faced plant closure in 1969 owing to misplaced capital investment and/or product marketing policies of its former owner, Richard Suessmuth. With the support of the union and the province of Hessen, about 270 employees took over the management of this firm in the fall of 1970. As one might expect, this attempt at employee self-management spawned different public reaction. Unions perceived the take-over as a genuine proof "that economic democracy can really work..." (Fabian, 1972:24). Some employers, however, maintained that "this clearest example of a socialist power take-over represents nothing else but the most brutal attack on entrepreneurial freedom".[2]

This view clearly expresses the threat to its domain of autonomous decision-making which the business establishment perceived in this independent action of employees. We already noted that, in the early 1970's, labour's consent and co-operation were needed to assist employers in overcoming the severe downturn in the business cycle and regaining competitiveness in foreign markets. Employers, therefore, feared that the concessions they had to grant workers in order to achieve increased productivity and prevent conflicts of interest would tip the balance of power too much in labour's favour.

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[2] *Frankfurter Rundschau*, April 30, 1970, p. 31

As West German corporation law does not accommodate employee self-management of an enterprise, Suessmuth employees adopted a combination of limited partnership and employee association as a legal foundation for the new firm. This legal form permits workers and salaried employees to apply for membership in the Employee Association of the Suessmuth Glass Works Ltd. *(Verein der Beschaeftigten der Glashuette Suessmuth GmbH)*. The company is wholly owned by the association, and only in their capacity of being association members are employees co-owners.

The membership meeting *(Mitgliederversammlung)* of the Employee Association is the supreme decision-making body in the company and elects the 10 members of the association executive *(Vorstand des Vereins)* and the works council. The association executive in this model is identical to the board of directors in Canadian companies and, in turn, appoints and supervises the management of the enterprise as well as an advisory committee *(Beirat)*. This latter committee consists of union officials, bank representatives and members of the organization, is elected for a specific time period determined by the board and, apart from advising board members on strategic decisions, may engage in more particular tasks assigned to it by the board as the need arises (Fabian, 1972:15-24; Bruns, 1980:134).

The association executive ('board of directors') is elected for a period of three years after which some of its members step down to make room for new incumbents based on a rotation principle. This procedure is designed to serve a double purpose, namely to ensure continuity in business matters handled by the board, and to prevent the development of oligarchic tendencies in the formulation of board policy (Bruns, 1980:135; Friedel, 1972:72-82). Moreover, individual members of the board or the whole board of directors can be removed, if more than 50% of the association membership desires such a move and simultaneously agrees to introduce a new board member or, for that matter, a new board.

The works council in this company is, as already noted, elected by the association membership. It has been assigned the more special task of achieving an accommodation of interests in all personnel matters that require an interpretation of the existing co-determination statutes or other legal guidelines. Therefore, any management policy on matters of personnel must have the approval of the works council, which also has co-determination rights in establishing company recruitment practices, employee job reclassification schemes, and handling job transfers and dismissals, etc. Apart from these duties of the council and agreement that works councillors must not be the same individuals as those serving on the board of directors, the more precise role of the works council at the Suessmuth Glass Works Ltd. was still under study in the early 1980's (Bruns, 1980:137).

As Barthel and Dikau (1980:151) and also Bruns (1980:137) report, this company is still operating and has improved its market condition appreciably, although not all employees are equally trained in self-management to take full advantage of all the opportunities it can bring. Also, differences in issue expertise between management and members of the employee association ("employees") have been largely maintained, as, in the words of the works council chairman at the Suessmuth Glass Works Ltd., management "desires good balance sheets" and the employees "better wages".[3]

Another employee-owned enterprise modelled on similar lines was established in 1972, namely Firma BEKU GmbH at Erlabrunn near Wuerzburg (Bruns, 1980: 134). As well, the Syndicate for the Promotion of Partnership in Business reports three of their member companies as being 100% employee-owned enterprises; these are located in the cities of Berlin, Kassel and Esslingen, West Germany (AGP, 1985).

Employee board level representation under the existing statutes[4] is, as we might expect, weighted in favour of the employer. As noted in Chapter 9, the

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[3] Mueller, H. Interview reported in: *Frankfurter Rundschau*, June 14, 1975

[4] Montan Co-Determination Act (1951) as amended in 1956; Works Constitution Act (1952) as amended in 1972; and the Co-Determination Act (1976)

West German supervisory board appoints all members of the management executive committee. The executive committee, in turn, discusses all major decisions with key shareholder representatives of the board before implementing them (Gutenberg, 1970). Hence, the situation for employee participation is not so much different from employee board level representation in Canada which we examined in some detail in Chapter 8, although the Canadian experience is voluntary.

Important decision rules are likely to be set by managers and (where appropriate) by employees with expert knowledge on a given subject at lower levels of the decision structure. This 'inner' and 'outer' circle of management not only selects inputs for board decisions but also is largely responsible for the implementation of the decision following board approval, if such approval is at all required.

As we noted in the Canadian situation, what is gained through the ability to set and approve decision rules at the board level, may be lost through the inability of employee representatives to control final outcomes and their frequent lack of issue expertise to challenge the actual decision-makers below the board level. Moreover, the requirement for employee board representatives under the Works Constitution Act (1972) to act in the interest of both company *and* employees, which applies to the vast majority of firms in the Federal Republic of Germany, further inhibits any serious attempt by employee representatives to genuinely represent the needs and desires of their constituents. Last but not least, the one-third parity *(Drittelpa-*

ritaet) employee board representation granted by this Act further reduces any ambition to address the board on controversial items.

Voluntary board level employee representation schemes in the Federal Republic of Germany, where they have been negotiated into works agreements, appear to match (at least in some of their variations) the more advanced Canadian models. Perhaps with the exception of employee ownership cases, these schemes nevertheless seem to lack the integration of participatory functions at the plant and work-floor levels. On the other hand, the increasing number of such voluntary efforts, especially those under the guidance of the Syndicate for the Promotion of Partnership in Business, are obviously the result of a social movement which had its debut during the late 1960's and early 1970's, and which has no Canadian counterpart.

Admittedly, it is difficult to speculate on how well this movement will be able to consolidate its thrust for the remainder of the 1980's in view of employer rationalization programs and what appears to be a prolonged recession period. Yet, as the reader may have gathered from our present analysis, there is a slight indication that German employers are willing to compensate employees for greater job demands and higher job qualification requirements by providing an opportunity for joining gain-sharing and employee stock ownership plans. In many cases, such plans have given rise to participation in management schemes many of which have seemingly survived to the day of this writing.

Summary and Conclusions

Several models of voluntary employee board representation exist in the Federal Republic of Germany. Such schemes resulted largely from the threat of business failure, or the efforts of socially-minded business entrepreneurs. By 1975, about 700 business firms in West Germany had introduced participation rights either via collective bargaining or works agreements which exceeded the legal standards. The great majority of these firms permit shared ownership or gain-sharing without rights to participation in management. A smaller number allow for both gain-sharing and participation in management, while a few are employee-owned establishments (largely members of the Syndicate for the Promotion of Partnership in Business). Conflicts of interest are usually settled via an in-house mediation procedure which, in the cases we have examined, is only rarely used. Examples of actual firms and their particular participation models were given and the basic differences in the extent of worker participation between them discussed (e.g. the experience of Foto-Porst, the 'Offenburg Model', the 'Ahrensburg Model', and the Suessmuth Glass Works).

We conclude that voluntary board level employee participation schemes in the Federal Republic of Germany, where they have been negotiated into works agreements, appear to match (in some of their variations) the more advanced Canadian participation models. However, perhaps with the exception of employee-owned establishments, these arrangements appear to lack the integration of participatory functions at the plant and work-floor levels.

PART III: CANADA VS. FEDERAL REPUBLIC OF GERMANY: SIMILARITIES AND DIFFERENCES IN PARTICIPATION DECISION FORMATS, CONCLUSIONS AND IMPLICATIONS

CHAPTER 13

SIMILARITIES AND DIFFERENCES IN PARTICIPATION FORMATS

The Results

Having completed our examination of the collective bargaining systems and participation schemes that are operating in Canada and the Federal Republic of Germany, we are now in a position to address the research questions we posed in the Introduction. Within the parameters of our enterprise power relations model of participation, there are several key factors underlying the present operation of worker participation schemes in Canada and the Federal Republic of Germany.

As we have attempted to show, the bargaining structure in the organization, as represented by the management decision hierarchy, sets limits to participation in that it determines how the distribution of scarce organizational resources is accomplished. It not only determines what levels in the management hierarchy can be accessed by workers but also the nature, range and scope of the issues that can be addressed. Management policy on the conduct of participation and statutory requirements are likewise important. The former determines what forms of participation (information exchanges, consultations or co-determination) management permits, and the latter the legal guidelines (where they exist) to which both parties must conform. Finally, the way conflicts between labour and management are resolved is another key factor which substantially influences the nature and outcomes of relations between the bargaining parties.

We have also demonstrated that all of these factors are, in turn, shaped by the balance of power that exists between the business establishment and labour organizations, as a result of prevailing economic, political and cultural conditions in the two countries. As we have further shown, this balance of power tends to shift whenever labour's consent and cooperation is sought by employers and the state, or when certain actions of labour are perceived as threatening established institutions.

In our examination of the participation schemes in both countries, we have been continually aware of structures that are unique only to one country, and hence not readily comparable to structures that are unique to the other. We have, therefore, made an effort to avoid as much as possible the temptation to confuse, as Marsh and Mannari (1976:336-7) have cautioned, what is most *distinctive* about a society with what is most important in a causal sense.

In addressing the more specific research questions first, we find that both countries have a number of participation features in common. They show, for example, little or no variation in access to decisions in collective bargaining, the nature, range and scope of the issues which workers can address in the management decision cycle, and management policies on the conduct of participation. However, significant differences exist with respect to access to decisions in voluntary participation schemes as well as conflict resolution mechanisms in the collective bargaining process. With respect to *differences in bargaining issue expertise between management and workers,*[1] no comparative empirical data were available. Such information as is available is largely anecdotal and unreliable for the present purpose.

Similarities

One question we posed in the Introduction was whether West German workers generally have access to higher levels of the organizational decision structure than workers in Canadian participation schemes. We find that this is not the case in collective bargaining and in shared ownership and employee ownership schemes. In both countries, access to the highest levels of the management decision hierarchy is provided, albeit in very different fashion. In Canadian enterprise bargaining as well as in the industry-wide bargaining units that exist, top management is intimately involved in all stages of negotiating a collective agreement. In the Federal Republic of Germany (FRG), local bargaining for a plant agreement with a works council necessarily involves top management, and the latter is always represented by the appropriate employer federation in concluding an industry-wide agreement with a union. In cases of shared ownership, Canadian firms almost invariably provide for access to top decision makers via worker representation schemes. In the FRG some voluntary schemes provide only for the purchase of company shares without necessarily allowing for any representation beyond the legal guidelines, while others provide for the purchase of shares and worker board level representation. In employee ownership arrangements, access to top management is usually guaranteed via a statement of objectives, a firm's mission statement or some other form of enabling instrument in both countries.

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[1] This important element of the resource-bargaining process has, as demonstrated in this thesis, been emphasized by several writers and, most recently, by Locke et al. (1986:65-79). These authors confirm, again, that employee participation in decisions produces improved decision-making when the employees have enough knowledge of the issues on hand to make useful contributions to the decision.

The question as to whether the nature, range and scope of the issues that are permitted to enter managerial decision-making is less restricted in Germany when compared to Canada must, contrary to public opinion, again be answered largely in the negative. With the exception of plant committee operation, there is little variation between the two countries. In the FRG, any range of issues with varying scope can be addressed in the management decision cycle via the works councils, including items contained in industry-wide and plant agreements between the works council and management. In Canada, this holds true only for the collective bargaining process proper. In the majority of voluntary schemes, management prefers to postpone discussions on collective agreement items until a current agreement between the parties has expired. While resource-based issues are thus avoided during the lifetime of a collective agreement, discussions on daily shop-floor problems are encouraged to keep in step with overall plant efficiency, and to control potential conflicts of interest between management and particular work groups.

Thus, workers in Canadian firms are generally constrained by an unwillingness of employers to discuss any strategic issues at all while a contract is in force. West German works councils are constrained by statutory guidelines which reduce their decision-making powers in proportion to the issues that are presented for discussion (e.g., information rights on some issues, consultation rights on others, and co-determination rights on still others).

Both countries show little variation in terms of *management policies on the conduct of participation*; but, again, with the notable exception of plant committee operations. In Canada, the formation and duration of plant level consultation committees are completely under the control of employers. They are largely used as ad-hoc structures whenever, in the organization's point of view, the need for them arises. By contrast, in the FRG, works councils are legalized and permanent structures which, at least *de jure*, are intended to protect certain worker rights via appropriate representation. However, *de facto*, they appear to be used also as a mechanism for controlling the workforce through the co-optation of works councillors into 'co-management'. This, in combination with the statutory 'mutual trust' obligation, considerably restricts their usefulness as true representatives of their constituents' interests. Hence, we found the question as to whether management policy on the conduct of participation is more restrictive in Canada as opposed to Germany to hold only partially true.

Is it generally true that statutory requirements in West Germany ensure greater worker decision-making autonomy? We find that this is not so with respect to the collective bargaining system or the other participation structures examined. While at the plant level the German law makers have granted workers various degrees of participation, these rights are greatly diluted by the 'mutual trust' and 'peace' obligations contained in the Works Constitution Act of 1972. Moreover, the 'mutual trust' obligation provides a ready point of departure for employers to co-opt works councillors into management responsibilities. In this manner, the degree of autonomy over the management decision cycle they may wish to achieve on behalf of their constituent workers is grossly reduced. It is only in the (nowadays) more rare instance where a works council can afford to remain aloof of employer needs or company requirements that greater worker autonomy through works council representation can be accomplished. If, therefore, the term "generally" is strictly adhered to, the question does not hold true. Chapter 9 discussed in greater detail the basic differences between *de jure* and *de facto* participation.

Differences

Differences between Canada and the Federal Republic of Germany exist in the operation of plant committees, quality circles and quality-of-working-life (QWL) schemes. The vast majority of Canadian plant level committees usually have access only to the immediate supervisory function, or in isolated cases to middle-management. Only in rare instances do they provide worker access to higher levels of decision-making (such as the Shell Plant, Sarnia experiment and the Scanlon Plan). By contrast, works council involvement in all of these voluntary experiments in the FRG ensures access to all levels of decision-making (including supervisory board representation in firms having 500 or more employees).

Finally, the question of whether the potential for labour-management conflict in Canadian enterprises is really more pronounced than in German industry is a very important one for our present purpose, as it is in this area where we found the most significant differences in participation. For the shared ownership and employee ownership formats of participation, we were unable to find enough evidence on conflict occurrence and how it was resolved or regulated in individual firms. As well, the potential for conflict occurrence in other voluntary schemes, such as plant committees, quality circles and QWL initiatives, is either non-existent or very minimal. As we have noted on several occasions, genuine conflictual encounters over resource distribution cannot take place, in that needed resources have already been committed by management fiat prior to engaging in these voluntary endeavours.

Significant differences between the countries in conflict management prevail in the operation of the collective bargaining systems. In the Canadian system, as the Report of the Task Force on Labour Relations in 1968 aptly observed, "collective bargaining is the process by which groups of organized workers and those desiring their services seek to resolve their differences through reason, the threat of economic conflict or actual conflict" (Canada, 1969:33).

Canadian industrial relations practitioners can thus "resolve conflict with conflict," provided that some basic conditions of existing labour law are satisfied (conciliation procedures, the strike vote, strike/lockout deadlines, etc.). Importantly, potential (or latent) conflict which may arise during collective bargaining at the enterprise level, can also become manifest, if the parties so desire, following their compliance with certain legal guidelines. It is thus the exercise of conflict strategies in the collective bargaining process which may readily express itself in job action or sanctions against the other party that provides the democratic underpinnings for the parties' roles and genuine ability to participate in resource based decision-making (see also: Chapter 5: Collective Bargaining).

In the Federal Republic of Germany, potential conflicts that may arise in works council bargaining at the enterprise level are deliberately kept latent due to statutory guidelines (e.g., the 'peace' obligation, the in-house conciliation committee procedure, and the 'mutual trust' obligation). These guidelines require that works councils make every attempt not only to represent the interests of workers but also act, as far as possible, in the interests of the establishment. Existing statute thus literally legislates works councillors into a role of forced 'dual loyalty', as has been frequently mentioned in the participation literature.

It is these legal requirements, to which all voluntary participation schemes are nevertheless subject, that deprive German workers of their independent status vis-a-vis the employer in enterprise resource bargaining, and hence their 'participation competence'.[2] As worker threats of sanctions for undesirable employer behaviour at the enterprise level are almost ruled out by statute, so is genuine participation in management decisions for workers or their representatives. We, therefore, conclude that the potential for the occurrence of conflict over resource-based issues (and hence genuine participation) is more pronounced in Canadian enterprises than in West German firms.

These results should provide a reasonable answer to the more specific research questions we posed in the Introduction. The crucial question, which we will now examine is: how can we explain such variations in the patterns of participation that are ordained by the existing bargaining structures, management policies and statutory regulations in both countries?

Discussion

Clearly, the strong influence of the socio-cultural, political and legal environments on the operation of participative arrangements in the two countries is particularly evident from our analysis of the mechanisms used by West German and Canadian firms in providing access to resource-based decisions and their handling of conflicts. Both variables are highly interactive, as in situations where access to decisions is denied, conflicts of interest may be the almost inevitable result.

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[2] The ability of workers to participate in organizational decision-making without managerial or statutory restrictions, provided they have the skills and knowledge to address the issues entering the decision cycle of the firm.

The results of this study further indicate that the state has an extremely important role to play in regulating the relationship between business and labour. The complex legal framework, resulting from the neo-corporatist alliance among employer organizations and the state and labour's co-optation into it, regulates almost every aspect of West German industrial relations. The question is, how such state-worker-employer relations have come about, and why Canada has not experienced a similar development toward a greater judicialization of workplace relations. The answer is obviously to be sought in the historical development of political institutions in both countries. We will, therefore, examine the key socio-political elements that are of explanatory import to our present argument in the sections following.

Chapters 4 and 5 have indicated that, when compared to Canada, the political and bargaining structures in West Germany are highly centralized, integrated and legalistic. These three factors largely explain the differences found between the participation schemes operating in the two countries, especially with regard to access to decisions and the handling of conflict. As Schumpeter (1950:12) noted long ago: "Social structures, types and attitudes are coins that do not readily melt. Once they are formed they persist, possibly for centuries."

The first of these factors, the historical circumstances attending the centralization (or decentralization) of the state political decision structures, is of great importance, as it will impact on the general scope of the decisions made and their effect on various groups in the civil society. The second factor, how well the state has managed to accommodate and integrate the goals and desires of (more or less) powerful interest groups who are likewise contending for the achievement of political authority, is equally important to our argument.

As we have stressed throughout this study, such political integration finds its modern expression in *neo-corporatism*,[3] a political term which refers to efforts by governments to involve workers, business and professional groups directly in joint policy-making and the planning and/or implementation of public programs. It is true, however, that in Canada the unions are often not directly involved in the joint decision process, as opposed to their participation in the permanent tri-partite decision structures, which exist in the Federal Republic of Germany (see Chapters 1 and 4). Recall that we regard 'neo-corporatism' as operating on a continuum, varying from ad-hoc, short-lived and voluntary attempts at joint decision-making to fully developed tri-partite systems. The nature of such neo-corporatist approaches will, in turn, determine the degree of bureaucratic autonomy vis-a-vis independent interest group activity in the society which the state has been able to establish over time. Finally, the degree to which the state is able to judicialize its decisions for the "common good" and, in this manner, legitimize its final authority over other groups in the society, is very much bound up with the power exercised by the personnel whose special function it is to run it.

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[3] For a treatment of neo-corporatism see: Poole (1986:107-112); Tarantelli (1986:6-8); Crouch (1982:206-208); Streeck (1981:166-167); Helfert (1982:407) and Schmitter (1974:85-131).

The Federal Republic of Germany

In the case of Germany, a high degree of centralization and integration of political structures emerged from political and intellectual developments in the state of Prussia during the 19th century. One of these was the pervasive impact of the absolute monarchy and Junker aristocracy on the administration of the Prussian state. The aristocracy controlled the entire country through a formidable bureaucratic apparatus (Rosenberg, 1958:43-44), and it also controlled the administration at the local level through the office of chief administrator of a rural district (*Landrat*) chosen from a list drawn up by local nobles. Even though these administrators were responsible to the central government, they acted as representatives of the landed aristocracy (Gillis, 1971:212). Another factor was that the nobility in Prussia always identified with the state in that the noble landlords (*Junkers*) were integrated with the administration, and actually controlled the civilian bureaucracy (Badie and Birnbaum, 1983:116).

Forceful intellectual developments during the early part of the 19th century contributed to a new ethos in the practice of law as well as in other professional fields. The philosophy of German idealism and the literary culture of Weimar exercised a strong influence on the educated strata of that time. In this context, Rosenberg (1958:182) notes that education (*Bildung)*, as conceived by the German neo-humanists in the Age of Lessing, Herder, Winckelmann, Goethe, Schiller, Kant, Fichte, and Humboldt, meant more than advanced school training (general and vocational). *Bildung* called for trained minds, and for more and better knowledge, but no less for character and personality development. It invited people to seek happiness within themselves by orienting their total life toward the harmonious blending of spiritual elevation, emotional refinement, and individualized mental and moral perfection.

The influence of these ideals on political developments in the Germany of the early 19th century has been rather spectacular. It played an especially important role in the transformation of the corps of higher civil servants and their emancipation from political control by the monarch (Rueschemeyer (1973:151). The principles of German idealism became prevalent in the intellectual orientations of the Prussian bureaucracy through the increased requirements of university education, and the legitimating function of the new education (or *Bildung*) for the status of commoners in the higher civil service and for the autonomy aspirations of the service as a whole. Autonomous rule by a bureaucracy of experts reached its classic form after the defeat of Prussia by the Napoleonic armies in 1806. This new order represented an authoritarian rule by professional, highly educated administrators, which was based on compromises with the nobility and on concessions to the aspiring bourgeoisie, especially the educated bourgeoisie (Rosenberg, 1958:189).[4] Moreover, Moore (1966:441-442) indicates that a strong conservative government has important consequences for class relations. It can both encourage and control economic growth and, in so doing, ensure that workers who pays the costs for all forms of economic development do not pose a threat to the existing system.

Within the borders of the new German Empire, the state also played an important role in furthering industrialization of the country, where the intervention by integrated political and administrative elites was almost mandatory owing to the relative economic backwardness of the German nation (Fischer and Lundgreen, 1975:545ff). In this context, Moore (1966:433ff) notes further that Germany attempted to make a "revolution from above" and thereby "to modernize without changing [its] social structure. The only way out of this dilemma was militarism which united the upper classes." Carried out under the leadership of the aristrocacy and the royal bureaucracy, this mode of industrialization limited the expansion of the bourgeoisie and effectively ruled out the development of representative machinery capable of limiting the power of the monarch and the bureaucracy as, for example, it did in Great Britain (Badie and Birnbaum, 1983:117).

In the late 19th century, the relations between monarch and administration changed in that the existing state was replaced by government under the rule of law (*Rechtsstaat*) in which the administration worked within the framework of a system of laws. Mayer (1903:82), a leading theorist of this form of constitutional government, put it this way: "A state whose administration does not act according to legal and duly documented forms is not a *Rechtsstaat*. A state which does abide by the law and due process embodies the ideal of the *Rechtsstaat* to the extent that it adheres to these forms and enforces their effect." Mayer stressed the extent to which German law was, for example, modelled on French public law: in both cases it was administrative law that enabled the state to legitimize its authority and increase its bureaucratic autonomy from groups in the civil society.

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[4] For a useful analysis of the roots of this ideal of culture and personal cultivation see: Weil (1930)

After 1871, under the new Reich, the highly centralized Prussian administrative structure was extended to all of Germany. This event contributed to a further increase in the power of the top civil servants, who occupied elevated positions throughout the government. For example, Bismarck selected his leading ministers from this group, and, interestingly, these ministers were not responsible to the Reichstag. The German civil service, therefore, enjoyed a high degree of autonomy which was protected by a body of strict administrative law. Moreover, its members were being recruited on the basis of meritocratic factors. Civil servants, the vast majority of whom were originally nobles, were thus able to infiltrate the political system over which they have exercised an important influence right up to the present. From the time of Bismarck (if not from 17th century Prussia) to the Federal Republic of Germany today, the role of the bureaucrat has been combined with that of politician, and has included the exercise of political power (Badie and Birnbaum, 1983:118,24). For Max Weber, such practices were aberrant, because by making bureaucrats partisans they make bureaucracy less functional. Weber opposed "government by bureaucrats" on the grounds that "it is in the nature of officials of high moral standing to be poor politicians" (Gerth and Mills, 1958:95).

Following the Second World War, Article 33 of the Basic Law of 1949[5] entrusted the career civil servant with "the exercise of state authority as a permanent function." Today, the loyalty of the German civil servant should, according to the General Federal Civil Service Law of July 14, 1953, be directed to the maintenance of "the fundamental democratic and legal order." This means that German civil servants are required to uphold a political order (Badie and Birnbaum, 1983:118). In our view, this also provides a legitimizing mechanism for monitoring the performance of politicians who have not been drawn from civil service ranks.

German civil servants, primarily educated in administrative law, have carried their own values with them into the world of politics, which accounts for the close fusion of political and administrative power in the state apparatus.[6] At the present, the civil servants make up the largest single group in the West German federal parliament (*Bundestag*), and a significant proportion of the members of the government are recruited from the civil service (von Beyme, 1971; Ellwein, 1977).

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[5] Press and Information Office, Federal Government Services, *The Basic Law of the Federal Republic of Germany*, Bonn: 1981

[6] In this context, reference is also made to Max Weber's criticism of potential and unanticipated consequences which the legal domination of political and economic interests may have for groups in the civil society. See: Bendix (1962:416,439-440).

This tendency to integrate the aims of interest groups via the political arena with the concerns of the administration can clearly be seen in the integration of corporate class and working class interests with the government apparatus. While the power structure of German labour law is determined by the fact that the state regulates industrial relations, the interests of labour associations, trade unions and employer associations are integrated into the state at several levels. The major points of such integration are the Federal Agency for Work (*Bundesanstalt fuer Arbeit*) and the labour court system (Ramm, 1979:60).

The first of these points of integration, the Federal Agency for Work, we have already mentioned in Chapter 10 by stating that, at the level of this government agency, the interests of workers, employers and the federal government are equally represented on the management board (in tri-partite fashion). Recall that the Minister of Labour and Social Affairs appoints the worker and employer representatives who decide with the government on problems arising from worker job placement and vocational guidance; the preparation and dissemination of labour statistics; and unemployment insurance issues.

Perhaps the most effective integration of government, employer and worker interests has taken place in the labour courts. All courts have a tri-partite structure in that employers' and workers' representatives sit as lay judges beside one or more learned judges, although the professional orientation of judges varies somewhat from court to court. State labour courts have one learned judge and one representative each of employers and unions who change from session to session. The senates of the Federal Labour Court are composed of a majority of three learned judges and one representative each of employers and unions (Ramm, 1979:60).

As far as the unions are concerned, their representation in this permanent neo-corporatist alliance may be better termed 'co-optation' in that 'social partnership' (in macro-economic terms), as interpreted by the Federal Labour Court, has come to be understood as a system of industrial relations in which the trade unions acknowledge the existing political and economic order, and that they have a particular function in maintaining the stability of that order - the already mentioned *Ordnungsfaktor* theory (Juehe, 1979:9; Miller, 1982:44). The legal principles governing union activities that have been worked out by the Federal Labour Court allow the state to veto any action by the unions which it considers 'out of balance' with the present normative system (Daeubler, 1982:401-402). For the unions, therefore, the "price" for gaining access to decisions at the national and industry levels is not only some loss of independent action but also greatly diminished conflictual participation (or genuine participation potential). This explains the relatively weak position of West German unions as regards their influence on plant and enterprise level decisions, and why under 'social partnership' - the legitimizing ideology for the state and employer groups - they have hardly ever acted in a more militant manner.[7] This then represents the compromise solution on resource allocation underlying West German neo-corporatism.

The historical significance of state intervention via the judicialization of state-worker-employer relations in the Federal Republic of Germany is also reflected in other institutional spheres. For example, Vogel (1951:20-21) and Zoellner (1981:82ff) have shown that German welfare-state commitment took the form of obligatory social insurance, supervised and regulated by the state, and involving representation in its administration by representatives of employers and workers.[8] Rimlinger (1971:137ff), in his analysis of social security reforms in post Second World War Germany, likewise noted the historically interventionist legislative strategies of the state in areas such as pension, health insurance, workmen's compensation, and unemployment insurance reforms. Similarly, Therborn (1984:17-19) provides a useful historical examination of welfare state developments in Europe beginning with Bismarck's Health Insurance Act of 1883. He makes the point that, at least as far as Germany is concerned, the social reforms and policies adopted were initiated "from above" and were largely shaped by distinctive national traditions of law, state structures, and state-society relations, prior to late 19th century industrial capitalism.

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[7] Another factor which seems to have had an ameliorating effect on labour unrest in West Germany is that German unions have large industrial investments. A national strike might thus have adverse effects on these industries. For example, the German Trade Union Federation is itself a major banker, industrialist and employer (Conference Board, 1973:75; DGB, 1983:55)

[8] The model of social insurance originally derived from the pre-liberal guild relations - more especially, from the *Knappschaft* insurance system in the German mines. This was carried over into the liberal capitalist era already by the Prussian Mine Act of 1865.

Canada

In Canada, we are confronted with different cultural traditions and political developments. In contrast to continental Europe, Canada did not have a strong and enduring feudal past. For example, feudal relations between the seigneurs and tenant farmers in Lower Canada ended when the seigneurs lost their privileges in the mid-1850s. Early forms of forced labour fell into disuse already in the early 1800s. Hence, tenant farmers were few in number, and their status was eventually succeeded by proprietorship (Laxer, 1986: 30). In order to become a nation, Canada was thus not forced to either abolish large feudal estates or to wage war against an aristocracy which held absolute and centralized political powers via a royal bureaucracy. Before Canada became a nation, it had no need of a state to crush these powers (Beard, 1944; Hartz, 1955).[9]

The absence of a strong feudal tradition and an entrenched aristocracy, in turn, elevated the social status of the entrepreneur both in Canada and the United States. Likewise, it prevented the development of fixed social strata and the explicit institutionalization of class lines as was the case in Europe. These elitist theories provided a rationale for the wielding of power by a minority and, in a society at once democratic, "open" and elitist, it became relatively easy to regard the state merely as an arbiter of interests. In addition, Protestantism served to reinforce individualism and, therefore, militated against the emergence of a strong state (Hofstadter, 1948; Lenski, 1961; Badie and Birnbaum, 1983:127). Moreover, as Lipset (1968:15-16) has noted, a richly endowed and sparsely settled country, such as Canada, encouraged an economically expanding capitalist society in which many individuals could rise in the economic and social structure after this had become impossible in Europe. As a result, the elite groups which organized Canadian society wielded great economic and political power. The key role played by the Canadian economic elite in political party activity and politics generally has been well documented by writers such as Porter (1965) and Clement (1975).[10]

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[9] Although these authors discuss the liberal tradition in the United States, a Canadian historical parallel is highly suggestive.

It thus appears that the power of the business establishment prevented Canadian governments from acquiring any real bureaucratic autonomy (as in Germany) from the 19th century down to the present, as Canadian governments maintain, at least formally, a strict separation between administrative and political personnel.[11] Hence, there are no civil servants holding office in the administration and a seat in the federal or provincial legislatures at the same time; nor have the status and decision-making powers of Canadian career civil servants been mandated and legitimized by legal norms, as is the case in the Federal Republic of Germany. It is this decentralization of Canadian political structures, and the lack of integration between administration and the political arena via a cadre of lifetime civil servants trained in the law[12] (both fundamental to state bureaucratic autonomy), which, as Badie and Birnbaum (1983:129) have noted, reinforce the role played by the business community and the market mechanism.

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[10] For an insightful historical treatment of the economic, political and social influence of elite groups on Canadian society see: Clement, W. *The Canadian Corporate Elite*, McClelland and Stewart, Toronto: 1975, esp. Chapter 2: Socio-Economic Forces, Institutions and Elites in Canada's Development.

Canada's federal structure has, of course, important consequences for interest group activity and trade unionism. Divided jurisdictional authority not only means that it is frequently necessary for interest groups to exert influence at both the federal and provincial levels of government but also provides the opportunity for interest groups to exert pressure on one level of government by using the other level to make its case. On the other hand, federalism also has negative aspects for business groups interested in developing a united lobbying front. Divergent provincial legislation is a potential source of friction between members of interest groups operating in different provinces. Conflicts involving the different levels of government, more especially federal-provincial jurisdictional disputes and inter-provincial rivalries, may greatly complicate business-government relations (Litvak, 1983:317; Rea and Wiseman:309ff).

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[11] Collegiality among top elected politicians and senior civil servants seems, however, to have intensified in Canada with the growth of government central agencies (Campbell and Szablowski, 1979:7)

[12] For example, Domhoff (1979:160-161) notes that lawyers who become politicians in the United States (and this also applies to the Canadian scene) are almost always involved in the business world. Once elected, they serve as loyal spokesmen of the business community and continue to perform private legal services while carrying out their public duties. Moreover, lawyers in private practice represent the central group of law practitioners from which other types of practice are branching out (Rueschemeyer, 1973:31). For Canada, this information has been confirmed via interview and subsequent discussions with A. Sims, Chairman of the Alberta Labour Relations Board, Department of Labour, Edmonton, August, 1986

Instead of tri-partite consultations among the state bureaucracy and highly centralized business and labour groups made possible under West-German neo-corporatism, the historical development of Canadian political structures caused interest group activity to assume a very decentralized and pluralist character, and to rely on lobbying techniques such as exercising "quiet diplomacy" with government officials behind-the-scenes or public advocacy of their claims to influence the "right" government decision-makers (Litvak, 1983:320-323). A direct reflection of this approach can be seen in the history of Canadian state intervention since the 19th century.

State intervention in Canada's economy can roughly be divided into two periods. In the 19th century, government promotional assistance to extend the operating base of local interests usually took the form of subsidies, bonuses and tax exemptions, while protective measures such as the tariff and patent regulations were framed to guarantee the local market to those same interests (Naylor, 1975). In a large country such as Canada with a small market and limited supplies of capital, the state played a crucial role in the process of capital accumulation, although the active regulation of specific industries was rare (Innis, 1956).[13] Fragmented markets and relatively small units of enterprise, in an era when the size of the state and the art of public administration were limited, provided neither the need nor the ability to sustain more direct forms of intervention. In addition, public thinking about the virtues of voluntarism reinforced these structural limitations on government action. Victorian businessmen had no objection to their government friends transferring public funds to their private projects, but they saw little need for further state intervention in their affairs. Also, the farm and labour organizations were too poorly organized to insist otherwise (Traves, 1982: 75-82; Laxer, 1985:334).

During the First World War, when state power under the War Measures Act was supreme, the federal government eventually confronted the problems of economic mobilization by creating several regulatory agencies which coordinated government purchases, established price levels, and directed the distribution of essential resources. The government prevailed upon the private sector to secure "qualified" regulators, and the process of regulation itself was handled in a rather flexible manner and with a great deal of private sector input. The public objectives of this activity were to achieve increases in production efficiency and business stability. Labour's services and cooperation were needed by this business-government alliance to accommodate the needs of Canadian entrepreneurs while furthering the government's war aims (Corry, 1940; Ryder, 1974). This shifted the balance of power in labour's favour. Following the war, the problem of enforcing compromises among the competing elements regulated by such agencies and the hostility engendered by pro-business decisions among radical farm and labour groups soon proved more than the government was able to handle. By the early 1920's, these first attempts at creating the regulatory state collapsed (Struthers, 1977; Traves, 1982:75-82).

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[13] For a good example of the relationship between private and public enterprise see: H. G. Aitken (1954).

The mobilization of human resources and materials needed to meet the demands on the Canadian economy by the Second World War as well as the pervasive fear of conflicts between the business community and working people, in the event of renewed depression after 1945, turned out to be the final stage in the twin births of the Canadian social welfare system and the modern regulatory state. For a short time, representatives of the Canadian business elite were, again, conscripted into the federal civil service to operate the wartime regulatory agencies and Crown corporations, and to make the crucial government decisions affecting prices, commodity flows and investment patterns. Many government leaders and their business supporters had serious reservations about such policies and preferred to reduce rather than extend the level of state intervention. Pressures from selected elements of the business community and the fear of depression sustained such strengthening of the role of the state via short-lived elite group integration into the federal administration. This effort dissipated several years after the war when the Canadian economy showed again sufficient volatility to do without the state system built up just before and during the war years (James, 1949; Granatstein, 1975).

Clearly, access to decisions on resource distribution are (in contrast to Germany) thus highly dependent on the fortunes and goodwill of Canadian business. The history of Canadian labour is replete with attempts to gain recognition and improved working conditions, and need not occupy more space here (see esp. Panitch and Swartz, 1984:133-157). Although Canadian unions have made great inroads to boardroom policies since the proclamation of P.C. 1003 during World War II (granting union autonomy and providing for a collective bargaining system), the bargaining agenda of the Canadian corporate community has usually been to provide access to decisions strictly on a contractual basis, and to deny the establishment of more permanent enterprise labour-management consulting mechanisms with decision-making powers on all issues of concern to the parties. In the Canadian case, the compromise solution for sustaining union independence then is the contract (collective agreement), as opposed to ongoing worker access to decisions in exchange for diminished union and works council autonomy in the Federal Republic of Germany. This is essentially why Canadian business has historically been so reluctant to grant workers access to resource-based decisions "beyond contract" to use Alan Fox's (1974) terminology.

The sharp decline in the business cycle since the late 1970's and early 1980's has, again, fostered great interest in the tri-partite consultative process among government, business and labour (Lortie, 1983:351-353). In

Canada, this is obviously not an issue for the state to decide (although it may, of course, initiate and monitor the debate), as such reforms can, as already mentioned, only be legitimized via elite group lobbying or public advocacy (through the media) of these groups' claims. As Smelser (1962:282) remarked long ago, under decentralized democratic systems, it is possible for politically mobilized groups to frequently by-pass the official government channels altogether and thus affect the normative order directly.

A good example of a lobbying approach is the most recent attempt by labour and business at workplace reform with the aim of assisting Canadian firms in increasing productivity levels and employment opportunities through an improved functioning of labour markets. We have already mentioned in Chapter 4 the establishment of the Canadian Labour Market and Productivity Centre (C.L.M.P.C.) in Ottawa in 1984. This Centre resulted from year-long efforts by labour and business elites to establish a body that would bring the two parties together in a forum of continuing consultation on these issues. The prime mover in this effort seemingly was the Canadian Labour Congress, which had lobbied the federal government for the establishment of a centre since the mid-1970's. The Business Council on National Issues, which is composed of the chief executive officers of 150 leading Canadian firms was the chief initiator on the business side. Typically, the Centre is an autonomous body, *independent of government*, which allows federal and provincial government representatives to attend the meetings as non-voting participants to ensure that public policy issues are taken into consideration in the Centre's deliberations.[14]

This historical discussion serves to illustrate the essential character of how the state accommodates the interests of certain segments of the business class. Such accommodation by the state generally ranges from the use of the permanent lobby and public advocacy during times of moderate economic prosperity to short-lived integration into the state apparatus proper during wars and economic recession periods. On the other hand, it is true that the policies of the federal government (especially since the mid-1970s) have been highly interventionist. However, unlike the 'tri-partite' neo-corporatist alliance of government, labour and business in West Germany, Canada has never required any *permanent* membership of organized interests in its more ad-hoc and voluntary alliances with such bodies. Compliance with statutory regulations has thus far been enforced only in highly turbulent labour relations crises and during recessions.[15]

Summary and Conclusions

We have contrasted the important role of the state in both Canada and the Federal Republic of Germany, especially with regard to its ability to initiate and implement social reforms. The different socio-cultural patterns which have historically emerged in both countries are, indeed, profound. Canada's liberal-individualist democratic polity supports a relatively low level of state autonomy and institutionalization, although it may, for the reasons mentioned, occasionally become quite interventionist. This reinforces the role played by business elites and the market mechanism, so that workplace reform and other social reforms are ultimately legitimized by a plurality of elite groups in the civil society seeking accommodation of their interests by the state. Hence, the state largely becomes an instrument in mediating the ever shifting balance of power in employer-worker relations, but may achieve special (although short-lived) autonomy in times of social upheaval and public distress. This weak role of the state also accounts for the voluntarist-experimental character of ad-hoc relationships between independent (and fairly strong) Canadian unions and the business community. These relations may range from collaborative to adversarial postures, depending on the degree of decision power-sharing in resource distribution "beyond contract" that is present at a given point in time.

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[14] *Ottawa on the Record*, Vol.1 (5), October 12, 1984, p.1

[15] For a more incisive distinction between neo-corporatist alliances in Canada and West Germany see Chapter 1.

We conclude that the state in the Federal Republic of Germany is represented by a highly centralized and integrated neo-corporatist democratic polity which, based on authoritarian collective values, supports a rather high level of state autonomy and institutionalization. This means that business and union elite groups have been integrated into the state and determine national policy issues with the government in tri-partite fashion, with the federal government being ultimately responsible for overall policy decisions. Thus, workplace reforms and other reform programs are, in contrast to the Canadian context, legitimized by the state. Hence, the various interest groups in the society become instruments of an autonomous state bureaucracy which tends to rely on normative mechanisms (such as legalization of state-interest groups relations as well as relations between groups) to cope with problems and crises.

Some authors have attached certain labels to these forms of government, such as "government via the state versus government by the civil society" (Badie and Birnbaum, 1983:105,121), or "constitutional culture versus elitist culture" (Nettl, 1967:76ff and 383ff). In explaining the role of government, as it affects variations in workplace phenomena, it may also be appropriate in the sociology of the workplace to speak of government by the rule of law (*Rechtsstaat*) versus government by civil groups in the society (*Zivilstaat*). Sociologically, the former stresses the normative dimension of the state-employer-worker relationship, which emanates from a value-rational ideology (e.g., 'social partnership') and imposes authoritarian collectivist standards on the conduct of workplace relations. By contrast, the latter style of government stresses the interactive dimension, and is propelled by the instrumental rationality of pluralist groupings which, in liberal-democratic fashion and direct interaction with other groups, seek to achieve their more immediate and individualized ends by maintaining their local autonomy over the allocation of resources (especially wages, working conditions, special privileges etc.) In our view, this conceptualization adequately explains the socio-cultural differences between the two countries, and suggests that the sociology of the state is inseparable from the study of social structures within their historical context.

CHAPTER 14

CONCLUSIONS AND IMPLICATIONS

Conclusions

The Research Questions

In the Introduction we posed the following major questions: To what extent have present neo-corporatist approaches to participation conditioned the initiation, nature and implementation of participatory arrangements in Canada and the Federal Republic of Germany? Has the workplace in both countries really become more democratized as the result of implementing certain participation schemes? If so, which participatory arrangements appear to be the most effective in providing labour with a more decisive voice in organizational decision-making, and why? What group of individuals (employers, unions, workers and their associations, interest groups etc.) have largely been responsible for the outcomes we observe in participation schemes that are presently operating in both countries? Can we, in view of the present global recession, observe many similarities in management policies on restraint, increasing productivity levels, and on influencing labour and product market conditions? If so, are the responses of workers and unions to these neo-corporatist policies similar? If management policies and union responses to them are similar in both countries, why have government intervention strategies be so divergent in the two countries as to achieve such drastically different results in providing worker access to the organizational decision structure and conflict management?

Within the parameters of our decision power-sharing model of participation, the key factors underlying the present operation of worker participation schemes in Canada and the Federal Republic of Germany are the nature of the organizational decision (or bargaining) structure, management and union policies, statutory requirements on the conduct of participation, and how conflicts in organizations are resolved. These factors are, in turn, substantially shaped by the balance of power between the business establishment and labour as a result of economic, political and cultural conditions that prevail in the society.

This balance of power between the business community and working people shifts depending on whether labour's services and co-operation are sought and/or whether certain actions of labour are perceived as threats to management's autonomous decision-making and the political aims of the state.[1] The resulting neo-corporate approaches are aimed at centralizing organizational decision-making toward the overall goals of increasing productivity and market competitiveness of the country, while preventing labour unrest in achieving them. As we have stressed throughout the thesis, these approaches vary from ad-hoc, short-lived and voluntary attempts at joint decision-making to fully developed tri-partite systems. The first approach has been a recurrent theme in Canadian workplace relations, and the second in those of the Federal Republic of Germany.

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[1] This has led some writers to describe participation as a 'fair-weather' phenomenon (cf Thimm, 1987:118)

While there is usually some form of alliance between the business establishment and the state in the two countries, labour enters the alliance in different ways. In Canada, labour frequently prefers to opt out on principle or (as we have seen) because of the nature of government-sponsored programs, unless it is coerced into the alliance by legislation (such as, for example, the Anti-Inflation Act of 1975). In West Germany, labour allows itself to be 'co-opted' into the neo-corporate alliance. Such move is based on the belief that the internal stability of the existing social and economic order rather than its demise by revolutionary means must be supported[2], as it is a necessary condition for reaching labour's ultimate goal. This is achieving 'economic democracy' (*Wirtschaftsdemokratie*) for all workers both at the enterprise and national levels. As we have shown, the effects of such different neo-corporatist approaches on the initiation, nature and implementation of participation schemes have been substantial in both countries.

We conclude that access to decisions, within a neo-corporatist perspective of participation (as we have defined it), represents a compromise solution between employers and workers concerning the distribution of rewards (or resources). As far as we can generalize from our two-country comparison, workers gain continued access to management decisions on resource distribution at all levels of the management decision structure only at a price. In the Federal Republic of Germany, this compromise on the allocation of resources is accomplished via the integration of the unions into the state apparatus and the co-optation of works councillors into 'co-management' through the co-determination laws. These statutes judicialize the issues subject to bargaining into worker rights, while providing for considerable employer control over conflictual labour-management encounters at the enterprise level.

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[2] See reference to *Ordnungsfaktor* theory in Chapters 4 and 5.

In Canada, the "trade-off" (or compromise) for employers providing worker access to resource-based decisions in collective bargaining is that they often refuse any continuous discussion of issues contained in the collective agreement while it is in force. Genuine participation is thus limited or completely ruled out by management fiat, unless an employer is willing to make special concessions. This, Canadian employers have historically been reluctant to do. The factor legitimizing this kind of arrangement is the 'sanctity' and 'privacy' of the contract, the stipulations of which must be strictly adhered to by 'free and independent parties' without government intervention.

In our view, the reasons behind these 'compromise' solutions in both countries is a desire of elite groups[3] to protect their social and economic position in the society by devising rules that pre- or proscribe certain behaviours which, in their view, are either desirable or undesirable. These rules, in turn, enforce conformity by the punishment of infractions. In Canada's liberal-pluralist approach to the regulation of workplace relations, the protection of corporate interests is accomplished by the custom of making explicit only the rights of workers in collective agreements and declaring those issues not specified in the contract as "residual" management rights. This means that employers can alter working conditions unilaterally, as long as the collective agreement does not specifically prohibit such action.[4] Likewise, employers retain the power to proclaim any conduct which they perceive as offending their interests as a breach of contract (violation of the agreement) for which the legal sanction may be the payment of 'damages' to the party that has been injured by the perceived deviant conduct (e.g., the employer). As already noted, such protection of employer interests is also accomplished by excluding worker rights on resource allocation contained in the agreement from ongoing discussion while the agreement is in force. In the absence of participation legislation in Canada (except for recent statutes mandating works councils in the area of occupational health and safety), this also explains the present highly contractual and quasi-legal character of the collective bargaining process.

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[3] Studies in the sociology of power by writers such as Mills (1956:4-15), Porter (1965), Domhoff (1967:4-~~11~~), and Clement (1975:33-40), for example, rely on the terminology of elite theory, which assumes the existence of small groups of entrepreneurs having access to wealth and other resources dispro-

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portionate to other socio-economic groups. These entrepreneurs are said to control the activities of the various societal institutions that have diverse tasks to perform, and are hence called 'social control agents' in this particular literature.

[4] See also: Finn (1974:7-8)

In the Federal Republic of Germany, the dominant ideology established by successive generations of wealthy entrepreneurs and the landed upper class, which guides the regulation of workplace relations, is protected by the federal co-determination laws. This approach is, as we have indicated, the result of the high degree of centralization of state authority, the integration of important social institutions into the state, and the legal orientation of the West German professional civil service.

The persistent question as to whether Canadian collective bargaining offers more opportunity for genuine worker participation in management must, in view of the findings, be answered in the affirmative. First, resource allocation takes place in enterprise level collective bargaining in most Canadian jurisdictions.[5] Second, collective bargaining provides, in the absence of legal restrictions, an opportunity for labour to sanction undesirable employer behaviour with job action (work slowdowns, study sessions, strikes/lockouts, etc.). Following what appears to be a gradual erosion of labour's rights, the exercise of such conflict strategies provides an opportunity for labour to re-affirm its status in the resource allocation process and in maintaining the democratic rights granted it by the civil society. As well, labour has recourse to the labour relations boards, which, as we have noted in Chapter 1, are responsible for adjudicating any perceived unfair labour practice committed by the employer in tri-partite fashion. Yet, despite these choices, which are (at least theoretically) available to labour in the Canadian context, we have some reservations whether (in practice) it can exercise these choices to the fullest vis-a-vis management.

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[5] The exceptions include the Quebec construction industry and some bargaining units in the health and educational services sectors.

In the Federal Republic of Germany, this question is irrelevent at the enterprise level, as 'continuous bargaining' in varying decision formats is (depending on the issues involved) not only practiced in works council-employer meetings but is required by the law. However, as has been shown, the exercise of conflict strategies is severely restricted by the employer-government initiated co-determination laws at the enterprise level, which do not only provide legal sanctions for labour's misdemeanours but also psychological barriers for these to occur in the first place. When the definition of worker decision-making power provided by our theoretical framework is (in the strictest sense) applied to the experience of both countries, West German workers seem to have less decision-making power than Canadian workers.

In the Federal Republic of Germany, this situation can, of course, be overcome by employers who are willing to extend the legal norms and the "basics" contained in industry-wide agreements by more innovative and permissive voluntary efforts. The fact, however, remains that, owing to the existence of such legislation, employers not so willing to make concessions in works council bargaining can, at any time, refer to the appropriate legal norms when, in their view, works council demands on behalf of the workers appear to be 'excessive'. This situation adds greatly to the employers' leverage, apart from their ability to dodge existing legislation by changing the legal status of the enterprise. As well, the demands for rationalization introduced by recession periods, foreign competition or other unfavourable circumstances definitely add further weight to the employers' position.

We conclude further that it has generally been the initiatives of employer groups in conjunction with supporting government programs that have been responsible for the outcomes we have examined in the participation schemes presently operating in both countries. This obviously reflects the historically close alliance of the business establishment with governmental agencies in order to gain control over the potential consequences of adverse economic conditions. Co-determination frameworks such as exist in the two countries owe their origins to the efforts of socially minded entrepreneurs or employee take-overs of organizations whose owners had become insolvent within the past two decades.

There is considerable convergence between the two countries in management policies on restraint, increasing productivity levels and influencing product market conditions. If we take the experiments reported in the literature of both countries as a point of departure, there appears to be a somewhat greater stress on plant efficiency and worker productivity levels in the Federal Republic of Germany than in the Canadian context. Perhaps German employers feel that the protection granted workers under existing legislation already provides them with considerable opportunity for having their concerns heard and acted upon by management, and that granting further privileges would only have a negative effect on needed rationalization measures to meet increasingly tough market competition from foreign countries. For example, federal government supported quality-of-working-life (QWL) projects in West Germany seem to place greater stress on the area of ergonomics while Canadian schemes appear to be more guided by attempts at introducing employee self-regulation (or job autonomy) through socio-technical systems applications. The responses of workers and unions to such programs, nevertheless, seem to be identical in both countries. Unions have historically perceived employer-government initiated projects largely as attempts at achieving increased efficiency and productivity levels at the expense of labour, without much worker input as to how such measures could best be made to reach their stated objectives.

Yet, despite such convergence of policies, the government intervention strategies we have found to operate in the implementation of the various participatory arrangements have been so different. They are the direct result largely of the historical development of political and legal structures in the two countries. The values guiding such development are particularly noticeable in the ways access to decisions and conflicts in the workplace are managed. Thus, we find a juxtaposition of government by legal norms (*Rechtsstaat)* and government by the civil society (*Zivilstaat)*[6].

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[6] In contradistinction to state regulated activities that must be carried out in keeping with strictly universalistic criteria (cf Nettle, 1968:562).

In response to the larger question as to whether the workplace in Canada and the Federal Republic of Germany has really become more democratized as the result of implementing certain participation schemes, our conclusion must be somewhat guarded. It is affirmative with respect to the voluntary co-determination frameworks with *special legal status* and the special consultation/co-influence structures. Certainly, Scanlon Plan operations, shared ownership and employee owned firms and their rough equivalents in the FRG have made a far more significant contribution to workplace democratization than the government sponsored and largely management initiated schemes. In our view, this is because all of these more permanent schemes offer special incentives to workers in the form of either genuine decision power-sharing and/or material benefits such as bonuses, profit-sharing plans, shared ownership or employee ownership[7]. Our conclusion is guarded with respect to those voluntary efforts presently operating in both Canada and the Federal Republic of Germany which prefer the problem-solving mode of participation in management. One also wonders why these schemes are not more widespread in both countries.

The potential for future participation in management decisions in Canada would, as noted previously, appear to be overall somewhat greater than in West Germany despite the present restrictions on workplace democratization. This appears to be so, as government intervention in labour matters in Canada represents a contingency solution[8] and occurs largely *because of* adverse economic conditions or states of emergency, etc. In West Germany, the tri-partite statutory restrictions of participation are permanent and thus in effect *despite* such environmental contingencies. While in Canada such restrictions may be imposed and repealed, in West Germany they are a permanent feature of workplace relations. This means that, if Canadian employers are prepared to grant greater access to decisions and eliminate unwarranted and restrictive work rules, conflict in Canadian workplace relations may subside to lower levels while leaving an open channel for the introduction of genuine ('conflictual') participation.

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[7] For example, research on incentive pay systems has demonstrated consistently that they improve productivity. See Locke, Feren, McCaleb and Denny (1980); Katzell, Bienstock and Faerstein (1977); and Guzzo and Bondy (1983).

As we have already indicated, management and workers in Canadian firms can "resolve conflict with conflict", if they so desire. The potential for this kind of action in Germany seems to have been eroded by existing statutes and the bureaucratic autonomy of the state, both of which favour the integration of opposing interests. In this vein, it is no overstatement to venture the thought that West German workplace relations work by 'compliance'. By this we mean that the majority of German workers, while granted access to all decision-making levels, are willing to comply with government initiated rules and regulations. This is provided that such rules are perceived to be 'in the national interest', even though this may restrict the genuine representation of their individual rights and interests. The nature of the existing statutory framework, the co-optation of works councillors into management, and the unions' integration into the state would support this argument.

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[8] intervention strategies based on short-range plans to resolve problems as they occur and return control over labour relations matters to the parties once the issue has been resolved in the 'public interest'.

Toward a Theory of Participation

Except in very general terms, models of participation have not adequately addressed the exercise of power and the way conflicts of interest are resolved in individual organizations. There can be little doubt that these factors are crucial determinants of inequality affecting worker and/or trade union action.[9] From our examination of the empirical data and selected literary contributions, we, therefore, developed a definition of worker decision-making power having five interdependent parts. This definition refers to a situation in which: (1) workers can exercise a reasonable degree of autonomy over the work they perform; (2) they have ready access to the highest levels in the management decision structure; (3) statutory requirements and management policies are favourable to protecting workers' interests; (4) differences in issue expertise and job skills between workers and management are minimal; and (5) conflicts of interest arising from incompatible goals relating to resource distribution are permitted by management and/or legal guidelines.

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[9] See also: Poole (1981:188); Crouch (1982:37,219-220), and the propostions on stratification advanced by Collins (1975:55).

An enterprise power relations model of participation was subsequently developed which reflects these interdependent elements of participation in relation to individual organizations and their respective environments. We believe that we have demonstrated the usefulness of this overall focus in our analysis of the various participation schemes in Canada and the Federal Republic of Germany.

We conclude from this study that it is theoretically useful to distinguish between resource-bargaining and problem-solving, as it avoids confusion as to what 'participation' is actually meant to refer to. The literature is rather unclear as to whether the phenomenon actually refers to 'participation in decisions on reward (or resource) distribution' or 'participation in problem-solving', as both have been loosely called 'participation in management'. As has been demonstrated, however, the many activities described under labels, such as 'quality circles', 'quality-of-working-life projects', 'labour-management committees', 'production committees', represent problem-solving exercises and hardly ever more than this.

The crucial difference between these labels applied to participation in management really comes to light in a comparative analysis of different participation systems, such as we have undertaken. For example, with the exception of collective bargaining, the Scanlon Plan, and the co-determination schemes (shared, employee, and public ownership), all other so-called participation schemes in the Canadian context really represent problem-solving efforts. By contrast, corresponding voluntary schemes in the Federal

Republic of Germany allow for both participation in resource-based decisions and problem-solving on a continuing and permanent basis. For this reason, future participation research in Canada should, first, attempt to clearly spell out the more precise focus of the investigation (e.g., whether it refers to participation in resource-based decisions or problem-solving, or both); and~~,~~ second, proceed beyond such identification to explain where and why these different forms of participation arise.

This research confirms the observations of some comparative analysts who have located the main patterns of national diversity in the "wider political implications, value systems, beliefs and ideologies held by trade unions, employers' organizations, and the country at large" (Poole, 1982:195; Sorge, 1976:278). This necessitates that we account for the structural basis of these patterns, which we have done in the present study. For example, the highly legalistic mode of state intervention in the Federal Republic of Germany has resulted from a very marked degree of centralization of political structures, the historically legal orientation of the German career civil service, and a value system guided by the desire to integrate opposing forces into the nexus of state activities.

We conclude further that the historical development and role of the state in its relation to other institutional frameworks as these affect workplace relations is of crucial importance. As we have indicated in the case of the Federal Republic of Germany, the state (as represented by the aristocracy and royal bureaucracy) has historically played a fundamental role in the timing of this country's industrialization and the introduction of social reforms designed to appease and integrate feuding groups in the society. Today, and especially in the Canadian context, the state's intervention in regulating the complexities of modern workplace relations has almost become paramount to maintaining 'balanced' relations between management and workers to sustain industrial efficiency and productivity. We believe to have shown that the concept and role of the state deserve a more consequential position in sociological theorizing in the area of workplace relations than they have, to our knowledge, been accorded in the literature.

The analytic framework for the analysis of the various participation schemes in the two countries which we have used in this investigation, opens up channels for innovative theorizing in other areas of the sociology of business organizations. As Poole (1986:198) has observed, "in addition to the development and refinement of analytical frameworks... the optimum path for further progress would now appear to be the more precise formulation of specific theories in a series of substantive areas." We believe that this study represents a step in that direction.

Implications

The results of this study seem to indicate that the hierarchical and undemocratic structure of social institutions in Canada and the Federal Republic of Germany appears to have remained unchanged. Should we abandon making the workplace more democratic? We do not think so. The question is not whether more participation should be sought but rather *what form* of worker participation is the most appropriate for the 1980's and beyond.

This study has clearly shown that the role of the state in the fashioning of work reforms is of crucial importance. We have seen how the highly integrated and centralized neo-corporate structure of the state in West Germany and the more liberal, though interventionist, character of the state in Canada have effected workplace decision-making in different ways. What role then should the state assume in assisting the process of work democratization?

Both the state and the social institutions in a society must make more strategic choices than before in view of the higher levels of edcucation and rising expectations in the workforce vis-a-vis the need for organizations to raise productivity in remaining competitive on world markets. Today's workers want recognition for their work, a greater measure of job security, and a safe and healthy work environment. What then are some of the requirements for re-examining workplace relations in the 1980s?

Our two-level analysis of the Canadian and West German industrial relations systems has shown that historical events and socio-cultural factors are very important variables affecting power relations in the firm. Moreover, our use of different participation formats in the analysis of participation schemes operating in the two countries has pointed up the degree of *real* decision-making power workers hold in various organizations. The study has also shown how this power can be changed to achieve a more equitable balance of power vis-a-vis the employer. We have further shown that the way in which conflicts of interest are resolved or otherwise managed is of fundamental importance to what genuine participation can arise in the workplace. All of these factors should in the future be closely re-examined by government, labour organizations and the business establishment. Our power relations model of participation should be useful in this endeavour.

One implication which arises from this study applies to all industrial and sociological researchers using systems theory as their analytical framework. This is that our enterprise power relations model of participation allows for the exercise of strategic choices[10] on the part of individuals and groups as well as the management of conflicts in varying contexts.

As noted by several authors, and most recently re-emphasized by Kochan, et al. (1984:20), one major difficulty with existing systems theory is its perspective that a shared ideology propels and perpetuates the system. The argument is made that the process of setting rules produces experts on both sides whose common experience and interaction foster shared understandings when there may be situations in which such shared perspectives do simply not exist. This has been clearly shown in our analysis of the various participation schemes in both countries (for example, the reluctance of Canadian managers to discuss collective agreement items when a contract is in force, and in Germany the judicialization of such issues into worker rights, etc.).

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[10] For example, the concept of 'strategic choice' has recently been suggested as an approach to theoretical modelling in the industrial relations oriented literature by Poole (1986:38-49), Thurley and Wood (1983:197-224) and Kochan, McKersie and Cappelli (1984:21-24). In fact, Poole (1986), in his most recent contribution to comparative industrial relations, advocates 'strategic choice' as an overall guiding principle for comparing industrial relations systems in different cultural contexts.

Another problem with the systems approach is its limited and somewhat confusing treatment of existing power and conflict relationships (Walker, 1977b:307-316; Wood et al., 1975:291-308; Poole, 1981:43). This, we wish to add applies not only to the business organization itself but also to relations among unions, employer organizations and the government. As our analysis has shown, our power relations approach to decision-making recognizes the different levels of decision-making within business firms, labour organizations and government agencies as well as the power and conflict strategies exercised by them in shaping the outcomes of participatory efforts. Hence, our participation model adds another dimension to existing systems theory which may be useful in future research by analysts favouring this approach.

Our analytic framework may also be useful to scholars writing in the labour process tradition. For, as Thompson (1983:151,215) has indicated, labour process theory encounters some difficulty in accounting for the effects of worker resistance to the development of production methods, has a tendency to view workers as a homogeneous aggregate of individuals, and has not clearly shown what *form* of managerial control is applicable in different circumstances. Our approach of recognizing different decision formats may contribute to an improved understanding of the *combinations* of control structures that exist in organizations in relation to their specific economic environment or industry.

At various points in the thesis, we have referred to the "balance of relative bargaining power between the business establishment and workers." Apart from the 'institutional' and 'industrial relations systems' models of analysis, the kinds of data we have presented in the empirical chapters would also lend themselves to a 'class' analysis of workplace relations. One might start with a general examination of the control and concentrated power that is exercized by the capitalist class in a given society. Such control and power could be examined (a) at the society level, as it affects overall class relationships, and (b) at the enterprise level, as it affects the reduction of dependence of business organizations on worker skills and the resistence of organized workers to such management efforts. As we have demonstrated, such class dynamics force employers to heed concessions demanded by labour, if the bargaining power is on its side owing to economic conditions or emergencies. On the other hand, they force labour to comply with employer demands in recessions when there is a labour surplus. These class dynamics can have a substantial impact on the decision process at the enterprise level. Taking into consideration (as we have done) the influence of cultural, socio-economic and political factors, such analysis of the structures of power and interests would then conclude with a statement on the ability of business, labour and government to influence each other's decisions on resource distribution.

The results of this study are also directly relevant to the sociology of business organizations and organizational analysis, especially when a comparative perspective is introduced. They can be usefully applied to certain substantive areas such as status, authority, power and conflict relations in the firm between work groups and management as well as between work groups in departments. They can also assist in the analysis of power and conflict relationships arising from strategic choices between the organization, the state and trade unions.

Our enterprise power relations model of participation may also be applied usefully to the analysis of democracy within unions and its effects on workplace relations (an emerging and increasingly important subject). For example, Hammer and Stern (1986:338) and also Kuhn and Zech (1986:259-261) have recently re-emphasized that the few studies of union structure and operations that are available document union leaders' need to maintain control over their membership and over daily activity on the shop floor. Such control is required to prevent individual members or factions of workers from going outside established union channels to settle complaints, and to maintain their credibility with management as competent interest group representatives. Clearly, union solidarity and management recognition are, at least in part, a direct result of the degree of membership participation that is permitted by the union executive in running the affairs of the union effectively vis-a-vis management.

The importance of cultural factors on management policies and general staff relations has, as the reader may recall, been amply stressed by several writers (see Chapter 2, sections on Country Context and Management Control and Hierarchy) and, more recently, by Strenski (1986:9) in relation to multi-national corporations operating in different cultural contexts. Our power-sharing approach to participation may provide a useful model in examining the kinds of management styles that are operating in foreign branches of multi-national corporations in order to obtain a comparative perspective on preferred management control strategies in these foreign subsidiaries.

The enterprise power relations model may also prove useful for labour economists studying the impact of unions on productivity. For example, recent empirical evidence[11] indicates that for every study which finds a positive impact another finds a negative impact, and that clear conclusions on the net impact of the union-productivity relationship are not possible at the present (Bemmels, 1987:241).

Several hypotheses on the impact of unions on managerial practices and organizational characteristics have been advanced. Among these is the 'internal organization matters'[12] hypothesis put forth by Addison and Barnett (1982: 147). It states that unions induce changes in managerial practices and organizational structure which, in turn, affect productivity. The net outcome of such labour-management interaction is said to be an empirical question. We are confident that our model can assist in developing a set of propositions to test this hypothesis within an enterprise power relations framework. It may thus contribute to reducing the substantial degree of unexplained variance found in present studies examining union impact on productivity in business organizations (cf Bemmels, 1987:251). Support for this argument is also provided by Freeman and Medoff (1984:179), namely that "unionism per se is neither a plus nor a minus to productivity. What matters is how unions and management interact at the workplace".

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[11] For reviews of the empirical evidence, see Addison (1982) and Freeman and Medoff (1984).

There are also implications for the Canadian business community, unions and government agencies. It is precisely because of the presently unregulated issue as to how worker access to decisions is provided, and how both parties can work out compromise solutions on their own in an era of increased labour tensions and conflict that the Canadian business establishment and unions can exercise their strategic choices (even though within some constraints). If Canadian managers are willing to overcome their traditional reluctance (there is some uncertainty) to providing improved access to decisions on resource allocation, and unions are prepared to persuade their memberships to reduce unrealistic expectations accumulated in prosperous economic times, conflictual encounters would be substantially curbed to lay the foundation for genuine participation in management.

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[12] These refer to the way unions enable management to learn about and improve workplace relations and the production process.

Improvements to present adversarial relations (Canadian style) can be achieved in several ways: (1) extending the number of provisions for labour-management committees that have already been voluntarily negotiated into a large number of collective agreements in the provinces and at the federal government level to all agreements negotiated in Canada via provincial and federal statute (where workers in a firm desire such a committee); (2) making regular labour-management meetings compulsory, in this manner providing continuity to such efforts,[13] and (3) extending the issues discussed in these meetings to items contained in the collective agreement should likewise be given serious consideration by Canadian employers, unions and government.

Such measures would not only ensure worker access to decisions but also guarantee a measure of continuous bargaining on resource allocation. Notable beginnings in this direction have already been made by the province of Saskatchewan in legislating the establishment of works councils in the area of occupational health and safety (see Chapter 7). Moreover, a number of Canadian employers already permit the discussion of resource-based issues in regular labour-management meetings on committees negotiated into collective agreements. Greater institutionalization of this kind of arrangement in Canadian workplace relations would also go a long way in preparing the decision cycle of Canadian firms for the resolution (or management) of local conflicts of interest.

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[13] Here, we are concerned mainly with providing a permanent forum for the discussion of issues of mutual concern to the parties. We are not suggesting that different decision formats which are applied to certain issues in West Germany should be legislated.

At the present, an almost universal feature of Canadian collective agreements is a provision which establishes informal settlement mechanisms for disputes arising from the agreement with binding arbitration as the final step. Also, a number of Canadian jurisdictions require the negotiation of a voluntary third-party binding arbitration procedure into collective agreements which do not have such an instrument.[14] Instead of perpetuating the use of a face-saving mechanism which compels the parties to act as informants against each other in a quasi-judicial proceeding (arbitration process), employers and unions can easily change this kind of procedure by persuading government to replace it with an in-house mediation committee. Such mechanism, by selection of an independent chairman and perhaps some outside experts, forces the parties to remain members of the decision team that renders the award by majority vote. If this committee cannot resolve the parties' differences, the strike/lock-out option would still be open to the parties after a 30 days "cooling-off" period following the day the committee has rendered its award.

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[14] For example, the federal jurisdiction, British Columbia, Ontario and Quebec (Arthurs et al., 1984:274). See also: Adams, G.W., *Canadian Labour Law*, Canada Law Book Co., Aurora, Ontario, 1984

The procedures advocated contain some elements of the West German co-determination legislation but in a form that can ultimately become acceptable in Canada. This is provided that Canadian employers and unions begin to recognize that genuine participation is, by its very nature, conflictual, and that Canadian adversarialism can be as truly collaborative as both parties desire it to be for this very reason. We realize that this is a rather idealistic notion with respect to the tenuous and often acrimonious workplace relations Canada has experienced during the last decade. Nonetheless, this view must be stated, if only to show that the appeal of West-German co-determination to the Canadian proponents of German-style workplace relations is, as noted in the Introduction, exaggerated and ill-founded.

As we have demonstrated, the bureaucratic autonomy of the state in West Germany which serves as the underpinning for co-determination and tri-partite endeavours is neither suited to Canadian lifestyles nor is it germane to genuine participation in management decisions. In fact, for groups who profess to have a genuine stake in changing the present West German system and are not licensed by the state as having a legitimate claim to do so, the state itself may become a source of conflict. Yet, for the critics of co-determination the access to management decisions which the system provides for workers and some of its procedures to resolve local bargaining conflicts should be a lesson that is not easily dismissed.

There is a final implication for Canadian business, unions and government. In the Federal Republic of Germany, with employers and workers having been permanently co-opted into the neo-corporatist alliance, the end chosen by the state (the prevention of labour conflict) justifies the means. In the Canadian context, with the state being the instrument of both employers and workers (although chiefly that of employers), the present means do not justify the end. In this lies the promise for the emergence of genuine *conflictual* participation in future encounters between the Canadian business establishment and labour. This does, of course, require some modifications to present labour-management interaction patterns combined with a gradual adaptation of the existing system to the changing needs and expectations of both bargaining partners.

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